

2014 Financial Assessment Report



City of Longmont, Colorado
September 2014

TABLE OF CONTENTS

City Profile	4
Overview	5
Economic Indicators	7
Fund Structure.....	19
City-wide Revenues	20
General Fund Revenues	25
City-wide Expenditures.....	29
General Fund Expenditures.....	31
Five-Year Fund Projections	33
General Fund	38
Water Operating Fund	43
Sewer Operating Fund.....	44
Electric and Broadband Fund	45
Sanitation Fund	46
Storm Drainage Fund	47
Street Improvement Fund	48
Public Safety Fund	49



City of Longmont, Mission Statement:

To enhance the quality of life for those who live in, work in, or visit our community.

CITY PROFILE

Location: The City of Longmont is located thirty-five miles North of Denver and twelve miles Northeast of Boulder, in northeast Boulder County. The City is part of the metro Denver region and as of December 2012 covers an area of 30.44 square miles.

History: The City was established in 1871 and incorporated in 1873. On August 5, 1961, the City was chartered as a home rule city, under the provisions of Article XX of the Constitution of the State of Colorado (Home Rule City Act).

Government Structure: The City is a full service municipality operating under a council - manager form of government. The Council consists of a mayor and six council members. The mayor is elected at-large to a two-year term. Three council members are elected from each of the three wards and three council members are elected at-large to four-year terms. The council members' terms are staggered.

Services Provided: Police, Fire, Electric, Broadband, Water, Sewer, Streets, Sanitation, Storm Drainage, Airport, Library, Museum, Parks, Recreation, Senior Services, Youth Services, Neighborhood and Community Resources, Building Inspection, Code Enforcement, Planning, Golf, Open Space and Economic Development.

Quality of Life: Longmont functions mostly as a free-standing city and has a unique mix of elements and people, which combined with high home ownership, above average school test scores and an efficient, accessible pool of services are all strong indicators of the life in Longmont. The Longmont area has a pleasant climate, aesthetic beauty and a multitude of nearby recreational and cultural amenities. Longmont is also an attractive place to live due to its low crime rate and no occurrence of air quality readings below the Primary Acceptable Standard.

OVERVIEW

Beginning in early 2002, Longmont started to see the effects of a slowdown in the economy. Previous to that time, the City had experienced strong economic growth which translated into increased revenues as well as increased expenditures, primarily due to the cost of providing services and capital infrastructure to a growing community. Most economic indicators show that 2001 and 2002 were difficult years for the national and local economy. In 2003, the U.S. economy posted slight gains. Longmont had an average annual unemployment rate of 3.9% in 2001, which grew to 6.0% by 2003 before beginning to decline in 2004 through 2007 ending the year at 3.3%. In 2008 the local unemployment rate began to increase again each year thereafter, but is currently down to 4.7% in July of 2014. Personal income fluctuated during this time as well. Average annual wages increased in 2003, slipped slightly in 2004, were back up in 2005 through 2009, decreased by 2.9% in 2010, have increased again from 2011 to 2013 with a 2.4% increase in 2013.

Colorado's economy has seen sizable job losses since 2001. According to the Longmont Area Economic Council, Longmont area primary employers reported a combined job loss of over 3,000 in 2001 and 2002 with 2003 netting small gains, 2004 again showing net losses, 2005 and 2006 net gains, followed by losses in 2007 through 2009, and then a net gain in 2010. In 2011 68 jobs were lost; however, 198 jobs were added in 2012 and another 647 in 2013.

Total revenues for 2013 were \$221.4 million an increase of 3.24% from 2012 levels. Charges for services represented 57.0% of the City-wide resources and that revenue increased 2.48% from 2012. Actual revenue from sales and use tax in 2013 was 6.13% above 2012. Sales and use tax collections in 2014 are up through July and property tax collections are down slightly. During 2013, the City issued 203 residential permits, a decrease of 30% from 2012 levels of 288. Non-residential permit activity based on square footage was also down from the 2012 square footage as well as valuation per square foot. Actual building permit revenue through July 2014 is down from 2012.

The five-year forecasts included in this document are not intended to be a precise projection of the future, but rather to provide an overview of what the future may look like, based on recent trends.

The proposed 2015 General Fund budgeted expenditures total \$69,840,689, which includes \$2,033,006 of one-time expenses of which \$2,207,480 are budgeted from the projected fund balance. This is an increase in total expenditures of \$3,102,550 under the 2014 adopted budget. The forecast projections for 2016 through 2019 show ongoing expenditures exceeding ongoing revenues each year, ranging from \$478,794 in 2016 to \$2.9 million by 2019. Forecast projections for 2016-2019 do not include any one time expenses. These forecasts have historically been negative in the out years.

In the Water Fund working capital is projected to remain above the adopted minimum 90-day reserve requirement established in the City's financial policies. The fund will have capital projects of \$8.2 million in 2014, \$6.1 million in 2015, \$2.7 million in 2016, \$8.4 million in 2017, and \$3.6 million in 2018 and \$1.1 million in 2019. The Windy Gap Firming Project is planned for construction in 2017. This project is estimated to cost approximately \$18.7 million over the five year time frame with funding coming from the Water Operating Fund, Water Construction Fund, Water Acquisition Fund, and Raw Water Storage Fund. A total of approximately \$30.1 million is currently shown as unfunded in the CIP. There is an estimated 4% rate increase included in the 2015 budget. Staff presented the master plan to City Council in September and plan to bring the proposed rates in October.

The Sewer Fund is projected to remain above the adopted minimum 90-day reserve requirement for the five-year period as well. The fund will have capital projects of \$42.3 million in 2014, \$2.6 million in 2015, \$2.3 million in 2016, \$2.4 million in 2017, and \$2.4 million in 2018 and \$2.1 million in 2019. A total of \$3.2 million is currently unfunded in the CIP. Federal water quality standards are anticipated to continue to become more stringent over time. The City has anticipated, through the recently completed master plan, future improvements that may be needed to meet those anticipated future standards.

The Electric and Broadband Fund ending working capital is projected to meet the minimum reserve requirement by 2015. In 2009 a new financial policy, intended to increase the reserve requirement, was implemented. The fund balance in the Electric Fund has been growing to meet this new reserve requirement.

Working capital in the Sanitation Fund is projected to remain above the minimum 60-day reserve requirement for the five year period. There are no rate increases included in the 2015 proposed budget.

The Storm Drainage Fund is projected to meet the minimum 60-day reserve requirement in 2016 after City Council adopted the 9% rate increase as part of the 2012 budget. The fund will have capital projects of \$25,000 in 2015, and \$202,000 in 2016. A total of \$2.5 million is currently unfunded in the CIP. The Storm Drainage Master Plan has been completed.

Due to the Street Fund sales and use tax extension passed by voters in November 2009, fund balance is projected to remain above the required 6% operating reserve until 2017 when the sales and use tax expires. An initiative will be on the ballot in November asking voters to extend the tax for another ten years. The fund will have capital projects of \$17.7 million in 2014, \$6.7 million in 2015, \$11.7 million in 2016. Approximately \$100 million has been identified for future projects in the CIP and is shown as unfunded unless the voters approve the sales and use tax extension beyond 2016.

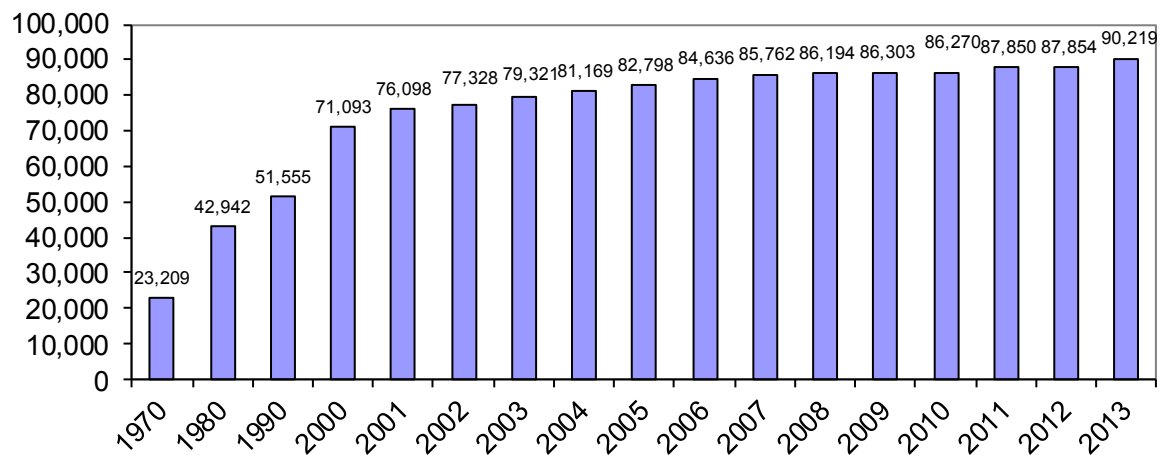
Since the Public Safety Fund is managed so that ongoing revenues are used only for ongoing expenses of the fund, ending working capital is projected to be above or near \$1.0 million for all five years. These projections also include a minimum of \$150,000 of one time expenses per year.

ECONOMIC INDICATORS

When planning upcoming budgets, it is important to be aware of current economic conditions and trends. Many revenue sources, such as sales and use taxes, fluctuate depending upon general economic conditions. In addition, looking at economic trends helps anticipate possible changes in demand for services, such as utilities, police and fire, development and planning support, parks and recreation facilities, and street infrastructure.

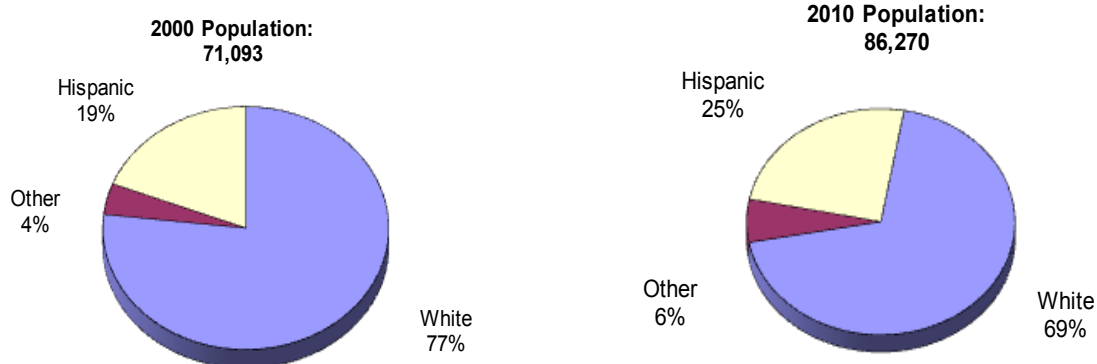
Population: Population growth for the City of Longmont is included in order to provide context for the following economic indicators. Longmont's population growth is one factor driving the economic conditions of the area, and at the same time is being caused by the economic growth. The growth in population increases the market for goods and services and provides a larger workforce. At the same time, population growth places new and increased demands on public services and infrastructure.

City of Longmont Population: 1970 to 2013



Source: City of Longmont Planning Division

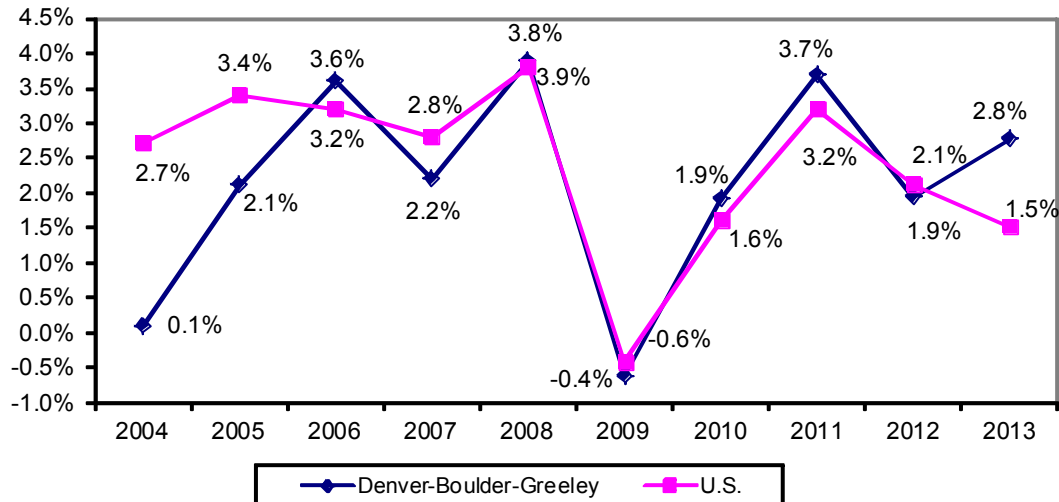
The City of Longmont experienced a 21% increase in population between the 2000 census and the 2010 census as reported by the US Census Bureau, most of which occurred between 2000 and 2001. The Hispanic population experienced the largest increase with nearly 56% gain from 2000 to 2010. The slight decrease in population between 2010 and 2009 is due to the fact that the 2010 population is from the 2010 US Census Bureau report, and the 2009 population was a projection from the City's Planning Division.



"Other" consists of African American, American Indian, Eskimo, Aleut, Asian and Pacific Islander.

Inflation Rates: The rate of inflation for the Denver-Boulder-Greeley area increased in 2013. Nationally, the apparel, education and communication, food and beverages, other goods and services, medical care, recreation, and transportation categories decreased from 2012 while the housing and information technology and hardware and services categories increased. The information technology and hardware and services category saw a negative inflation rate of 2.6%, however, this is an increase from 2012. Colorado and the Denver-Boulder-Greeley area inflation rates were higher by 1.3% than the US average in 2013.

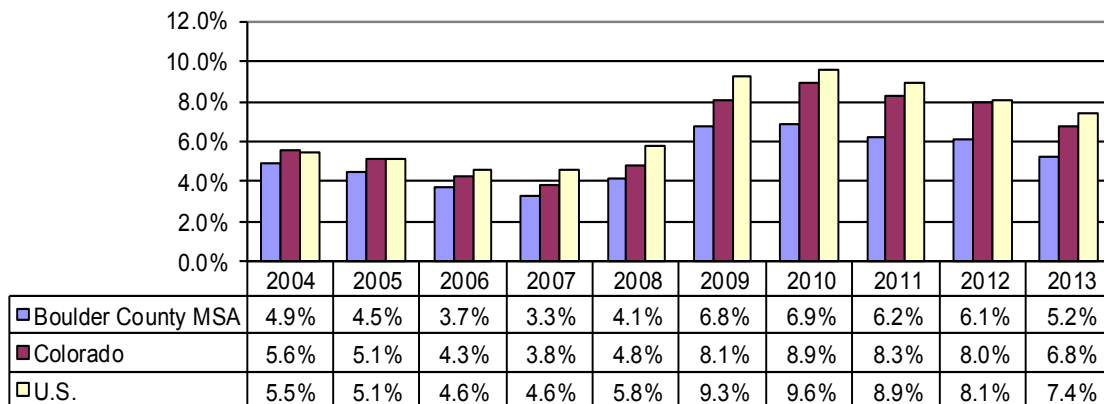
Inflation Rates: 2004 to 2013



SOURCE: US Department of Labor, Bureau of Labor statistics

Unemployment Rate: The National unemployment rate decreased from 8.1% in 2012 to 7.4% in 2013. Locally, state, and county unemployment rates also decreased in 2013, Boulder County MSA's decreased from 6.1% to 5.2%, while Colorado's decreased from 8.0% to 6.8%, and Longmont unemployment rate decreased from 7.3% to 6.0%. In 2013, the unemployment rate in Longmont continued to remain lower than the national average but above the Boulder County average. As of July 2014, Longmont's unemployment rate is 4.7%.

Unemployment Rates: 2004 to 2013



Source: Bureau of Labor Statistics

Local Foreclosures: The foreclosures in Longmont had been increasing since 2004, but decreased significantly for the fourth year in a row from 424 in 2012 to 192 in 2013. From 2004 to 2008, more than 50% of the foreclosed properties resulted in a sale of the property, but in 2009 it decreased to 40%, then in 2010 and 2011 it was up to over 57%, and down to 48% in 2012. However, in 2013 64% of foreclosed properties have been sold.

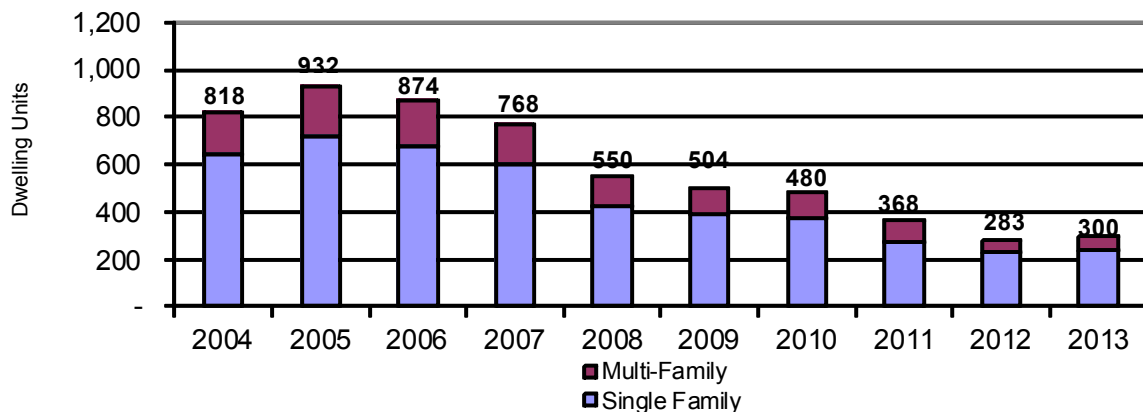
City of Longmont Foreclosures

	2004-2013		Percentage of Filed Properties Sold	2004-2013	
	Number of Properties			Value of Properties	
	Filed	Sold		Filed	Sold
2004	240	151	62.92%	46,458,149	32,081,458
2005	333	198	59.46%	65,376,273	37,606,459
2006	433	282	65.13%	88,010,589	55,483,151
2007	595	322	54.12%	124,918,244	79,497,352
2008	576	308	53.47%	126,261,099	39,470,508
2009	722	292	40.44%	176,448,400	68,917,604
2010	575	328	57.04%	118,245,229	66,490,592
2011	435	255	58.62%	135,871,708	54,808,154
2012	424	205	48.35%	101,162,441	48,899,413
2013	192	122	63.54%	39,877,601	31,070,263

Source: City of Longmont Community Service Division; Boulder County Trustee website

Housing Units on the Market: The following chart shows the number of total dwelling units on the market as of December 31 of each year. The number of housing units on the market at that time increased by 6.0% in 2013 after a decrease of 23.1% in 2012, 23.3% in 2011, 4.8% in 2010, 8.4% in 2009, 28.4% in 2008, 12.1% in 2007 and 6.2% in 2006. For the first time in seven years we showed a significant increase in the housing market.

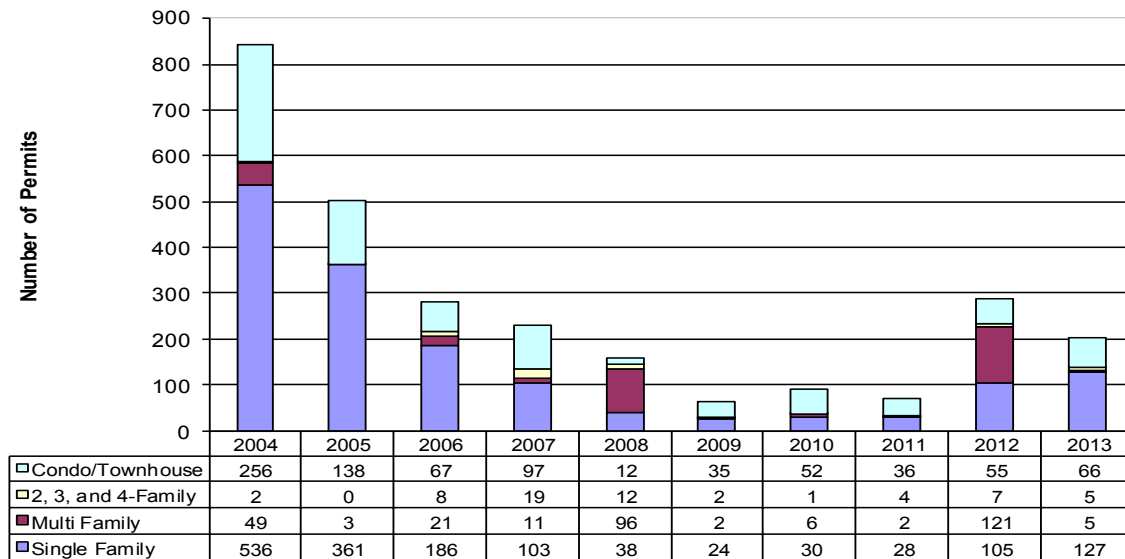
Longmont Housing Units on the Market 4th Quarter, 2004-2013



Sources: City of Longmont Community Services Division; Boulder Area Realtors Association

Residential Construction: The number of single family residences, multiple units and condominiums/townhouse permits issued continued to decrease from 230 permits in 2007 to 70 permits in 2011. In 2012 the number of permits issued increased to 288, with a decrease to 203 in 2013, which is still significantly down from permit levels from 2003 and 2004. The annual number of permits issued from 2003-2004 were more than double the average for the first half of the 1990s and reflected the increased prosperity and growth of the region for that period of time.

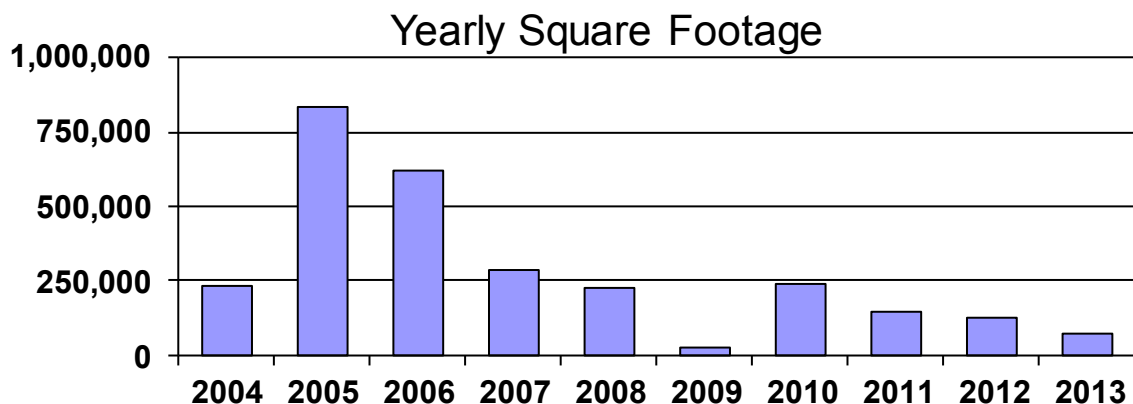
Residential Permits: 2004 to 2013



Source: City of Longmont Planning Division

Non-Residential Construction: In 2005, non-residential construction activity reached its highest peak since 2002 with 50 permits issued. The number of permits issued in 2013 decreased to 6 from 13 in 2012, resulting in the lowest value of those permits since 2009.

Non-Residential Construction: 2004 to 2013



Number of Permits	21	20	50	32	7	5	2	6	13	6
Yearly Valuation in millions	17.38	59.12	63.70	37.08	18.88	1.74	22.48	15.90	11.49	7.11

Sources: City of Longmont Planning Division and Building Inspection Division

Regional Employer Profile: In Boulder County there were a total of 13,360 employers in 2013, an increase of 114 employers, or .9% above 2012. Boulder County had the third highest increase above Larimer County, with Broomfield and Weld Counties being the highest in terms of total employers.

Total Employers: 2004 to 2013

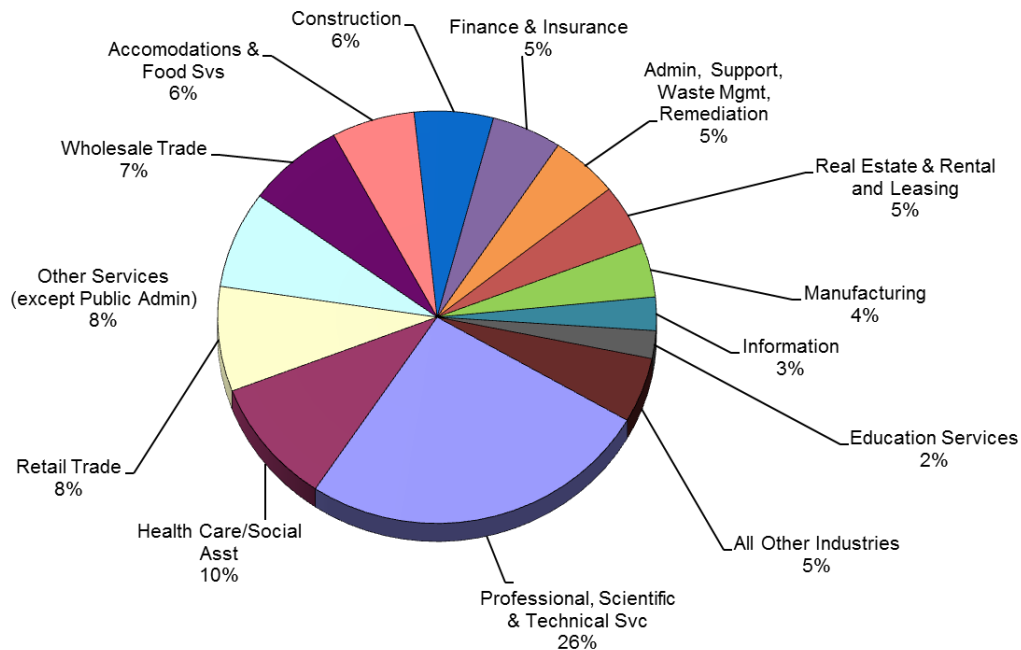
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% change
Boulder County	11,791	12,223	12,546	12,862	12,976	12,762	12,777	12,883	13,246	13,360	0.9%
Broomfield County	1,604	1,818	1,938	2,042	2,055	2,053	2,058	2,110	2,216	2,296	3.6%
Larimer County	9,218	9,664	10,032	10,304	10,431	10,072	9,922	9,961	10,251	10,326	0.7%
Weld County	5,301	5,628	5,912	6,070	6,085	5,837	5,753	5,778	5,859	5,975	2.0%

Note: North American Industrial Classification System (NAICS) for reporting data.

Source: Colorado Department of Labor and Employment

The pie chart below shows the percentage of Boulder County employers by industry for 2013. To make the chart easier to read some of the smaller categories have been combined.

2013 Boulder County Employers by Industry



Source: Colorado Department of Labor and Employment

Note: All Other Industries includes: Arts, Entertainment & Recreation, Management of Companies and Enterprises, Transportation & Warehousing, Public Administration, Agriculture, Forestry, Fishing & Hunting, Mining, Utilities, and Unclassified Establishments.

Longmont Area Largest Employers

as of September 11, 2014

<u>Company Name</u>	<u>Product</u>	<u>Employees</u>
St. Vrain Valley Schools	School District	3,960
Seagate Technology	Computer disk drives	1,370
Longmont United Hospital	Regional Hospital	1,257
DigitalGlobe	Satellite imagery	919
City of Longmont	City government	818
Intrado	911 Database & mapping services	816
Circle Graphics	Digital billboards	545
Federal Aviation Administration	Aviation control center	488
Amgen	Biopharmaceuticals	430
McLane Western	Grocery distribution center	401
Crocs	Crocs shoes	370
Longmont Clinic	Medical services	279
Dot Hill Systems Corp.	Fiber channel computer devices	254
Xilinx	Programmable Logic (Software Division)	240
GE Energy	Power generation & energy technology	235
Measured Progress	Standardized test grading firm	200
Micron Technology	Electronic microdisplays & enterprise drives	195
PharMerica	Regional billing office	192
OnCore Manufacturing	Contract manufacturer	190
Western Digital	Computer disk drives	153
BC Services, Inc.	Professional A/R Firm	135
LSI	Integrated circuits for data storage	134
Wiland Direct	Direct marketing services	131
Sun Construction & Design	Construction and design services	123
Avago Technologies	Integrated circuits for data storage	122
Woodley's Fine Furniture	Custom furniture	121
Intel Corporation	Hardware & software engineering	110
Thule Organization Solutions	Computer/audio/video/storage cases	106
Mentor Graphics	Software development	101
Golden Triangle Construction	Construction services	90
nSpire Health	Respiratory care products	89
Left Hand Brewing	Beer Production	89
PTA Corporation	Plastic injection molding	86
Advance Tooling	Plastic injection molding & tooling	81
Royal Crest Dairy	Dairy products	80

Source: Longmont Area Economic Council

Primary Employees: The table below shows the number of primary employees from 2004 through 2013. According to the Longmont Area Economic Council's 2013 Longmont Service Area Primary Employers Activity Report there was a net gain of 647 primary jobs in 2013. This gain was comprised of 952 jobs added by 78 existing companies, 144 jobs added by 9 new companies, 240 jobs cut by 40 existing companies, 241 jobs cut by 17 companies that closed, and a net 32 jobs that were discovered. In the first half of 2014 there has been a net loss of 141 primary jobs.

City of Longmont Primary Employees Activity Report

Jobs	2004	2005	2006	2007*	2008	2009	2010	2011	2012	2013
Beginning of Year	14,985	14,600	15,274	11,954	11,858	11,461	10,710	11,046	10,978	11,176
Net Changes	(385)	674	443	(96)	(397)	(751)	336	(68)	198	647
Percentage Change	-2.57%	4.62%	2.90%	-0.80%	-3.35%	-6.55%	3.14%	-0.62%	1.80%	5.79%
End of Year	14,600	15,274	15,717	11,858	11,461	10,710	11,046	10,978	11,176	11,823

*Weld County numbers were removed from the base for 2007 (2,148 jobs).

Source: Longmont Area Economic Council

Primary Employers: Longmont Area Primary Employers by Industry are found in a variety of the below mentioned industry categories. As reported by the Longmont Area Economic Council Primary jobs in Longmont increased by 647 in 2013. On the LAEC website they define Primary Employers as: a company or firm which derives the majority of its sales/income from beyond the immediate Longmont area (generally considered to be Boulder County).

Longmont Area Primary Employers by Industry

as of September 2, 2014

<u>Industry</u>	<u># of Companies</u>	<u># of Employees</u>
Aerospace	6	1,051
Apparel/Accessories/Finished Products	7	480
Biotech/Ag Bio	6	555
Business Services	12	660
Chemical Manufacturing	2	89
Communications Equipment	10	79
Computer Software	16	1,138
Computers/Peripherals/Interface Products/Testing Equipment	19	2,145
Construction	4	252
Consumer Products	5	138
Contract Manufacturing	7	413
Electrical Equipment	10	350
Energy	5	341
Fabricated Metal Products and Services	6	85
Food Processing	9	363
Machinery Manufacturing & Robotics	6	102
Machining, Tool and Die, Prototype Development	6	106
Measurement Instruments/Controlling Devices	9	208
Medical/Electromedical Instruments	5	121
Photonics	7	92
Plastics and Misc Rubber Products	8	345
Printing and Publishing	4	590
Professional, Scientific and Technical Services	19	370
Recreation/Sporting Goods/Outdoor Gear	8	68
Semiconductor and other Electronic Component	10	680
Thin Film Coating	3	45
Transportation Equipment Manufacturing	4	543
Warehouse Distribution	1	401
Wood Products and Furniture	3	158

Source: Longmont Area Economic Council

Industrial and Office Space Vacancy: In 2013, the total square footage available for Longmont Area Primary Employers was 8,573,034. Primary Employers occupied 7,247,166 square feet of space in 2013, leaving 1,325,868 vacant. In 2013 there was a net gain of 11,698 square feet occupied by Primary Employers (compared to a 28,913 increase in 2012). This increase reflects 80,309 in cutbacks by existing companies in existing space 203,818 in closed companies in existing space and 215,516 total occupied/new square feet.

Vacancy Rates for Industrial and Office Space: 2004-2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacancy Rate	19.6%	18.5%	18.1%	17.5%	14.2%	14.8%	14.6%	17.4%	18.4%	15.4%
Square Feet On The Market (millions)	2.01	1.87	1.88	1.46	1.20	1.27	1.26	1.49	1.60	1.32

Source: Longmont Area Economic Council

Regional Employee Profile: Boulder, Broomfield, Larimer and Weld Counties all saw a gain of employees in 2013. Boulder County had the lowest percentage of employee increases but still has the largest number of employees.

Total Employees: 2004 to 2013

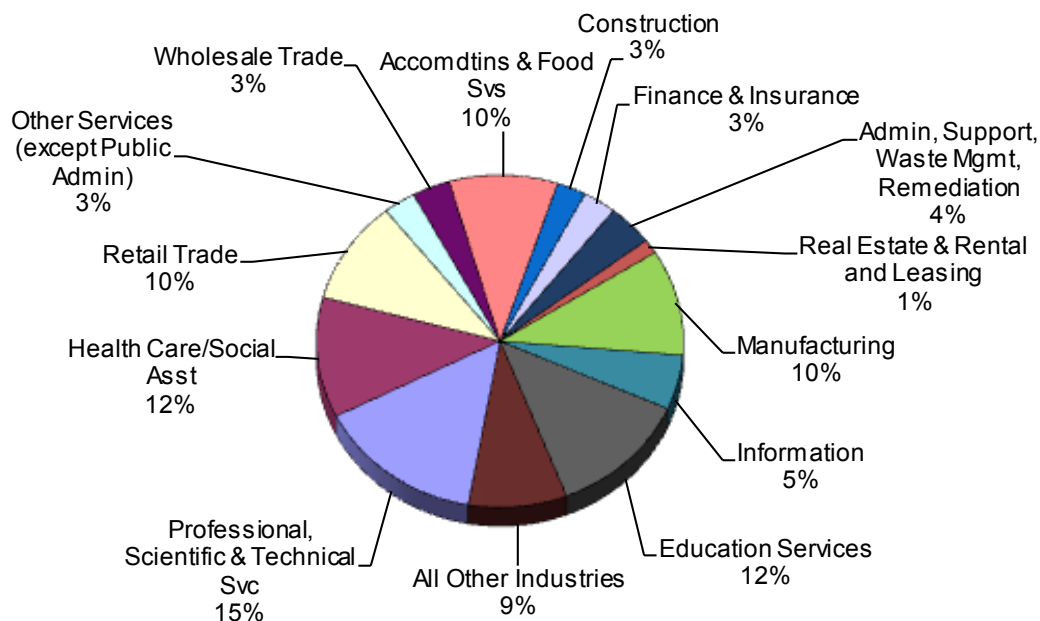
Total Employees

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% change
Boulder County	151,834	154,367	156,905	159,984	162,253	152,784	154,169	158,433	163,303	164,586	0.8%
Broomfield County	27,737	28,738	29,704	30,517	30,414	28,754	29,247	30,896	31,718	33,922	6.9%
Larimer County	122,414	124,986	127,332	130,249	131,266	125,633	127,648	130,512	134,426	137,150	2.0%
Weld County	74,837	77,004	80,405	82,909	83,503	77,988	79,577	83,487	87,298	90,404	3.6%

Source: Colorado Department of Labor and Employment.

The pie chart below shows the percentage of Boulder County employees by industry for 2013. To make the chart easier to read some of the smaller categories have been combined.

Boulder County Employees By Industry

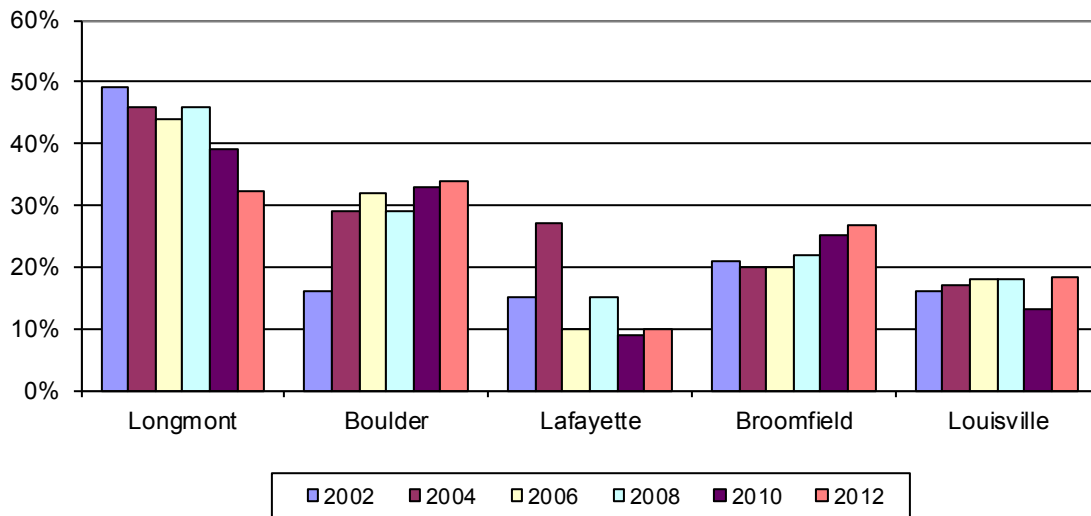


Source: Colorado Department of Labor and Employment

Note: All Other Industries includes: Arts, Entertainment & Recreation, Management of Companies and Enterprises, Transportation & Warehousing, Public Administration, Agriculture, Forestry, Fishing & Hunting, Mining, Utilities, and Unclassified Establishments.

Locally Residing Employees: When employees live in a city in which they also work, benefits are derived from decreased traffic congestion and increased tax revenues. A 2012 study conducted by the Longmont Area Economic Council indicates that 32% of people that work in Longmont are residents, while 39% commute to Longmont from Larimer or Weld Counties, and 14% commute to Longmont from other areas in Boulder County. Longmont fares well in this category, with a higher percentage of its workforce living within its boundaries than does any other community in Boulder County. In 2012 there was a 7% decrease from 2010 in Longmont's locally residing employees, however it has decreased significantly since 2002.

Locally Residing Employees
% of Employees who live in and work in each City



Source: Longmont Area Economic Council, Boulder County Labor Migration Profile. Study done every two years.

Average Annual Wage: Throughout most of the state, average annual wages were up in 2005 through 2009, then decreased statewide in 2010, and increased again in 2011 through 2013. Average annual wages in Boulder County are typically higher than those in Larimer and Weld Counties but not quite as high as wages in Broomfield County. Jobs in the Professional and Technical Services category provide the highest paying jobs in Boulder County, averaging at \$97,812 annually and jobs in the Whole Sale Trade category are the second highest paying jobs at \$85,280 annually.

Average Annual Wage: 2004 to 2013

	2004	2005	% Change	2006	% Change	2007	% Change	2008	% Change	2009	% Change	2010	% Change	2011	% Change	2012	% Change	2013	% Change
Boulder County	\$47,264	\$49,140	4.0%	\$50,946	3.7%	\$52,745	3.5%	\$53,455	1.3%	\$55,588	4.0%	\$53,976	-2.9%	\$57,928	7.3%	\$58,968	1.8%	\$60,372	2.4%
Broomfield County	\$51,587	\$51,688	0.2%	\$55,892	8.1%	\$60,434	8.1%	\$59,915	-0.9%	\$62,036	3.5%	\$58,552	-5.6%	\$62,764	7.2%	\$68,224	8.7%	\$87,828	28.7%
Larimer County	\$35,517	\$36,608	3.1%	\$37,941	3.6%	\$39,340	3.7%	\$40,151	2.1%	\$43,732	8.9%	\$40,716	-6.9%	\$44,564	9.5%	\$46,124	3.5%	\$44,668	-3.2%
Weld County	\$32,592	\$33,644	3.2%	\$35,144	4.5%	\$37,066	5.5%	\$38,696	4.4%	\$40,196	3.9%	\$39,260	-2.3%	\$42,068	7.2%	\$43,212	2.7%	\$45,396	5.1%
Colorado	\$40,296	\$41,600	3.2%	\$43,506	4.6%	\$45,396	4.3%	\$46,614	2.7%	\$50,180	7.7%	\$46,696	-6.9%	\$50,700	8.6%	\$53,664	5.8%	\$54,392	1.4%

Source: Colorado Department of Labor and Employment.

2013 Average Annual Wage by Industry

Industry	Boulder County	Broomfield County	Larimer County	Weld County
Retail Trade	\$ 29,588	\$ 23,972	\$ 25,220	\$ 28,080
Agriculture	30,784	n/a	29,328	34,528
Construction	46,852	55,796	48,256	51,792
Government	57,564	n/a	58,084	43,888
Mining	65,416	182,260	54,184	77,428
Finance and Insurance	83,772	85,176	61,516	57,616
Real Estate	47,944	45,760	38,324	40,508
Professional & Technical Services	97,812	86,372	71,760	55,120
Manufacturing	76,752	94,588	75,088	43,004
Wholesale Trade	85,280	91,156	61,984	59,124
Transportation and Warehousing	45,292	59,332	41,652	51,064
Utilities	81,900	n/a	76,284	73,892

Source: Colorado Department of Labor and Employment

The Longmont Area Economic Council reported a wide range of changes in the median hourly wage for the Boulder/Longmont area. Sheet metal workers saw the largest increase, up almost 53% from 2013, while electrical engineers saw the largest decrease at over 19%.

Entry Level Wages for Selected Occupations

Occupation	Boulder/Longmont median hourly wage		
	2012	2013	% change
Production Worker	\$ 12.85	\$ 12.35	-3.89%
Secretary - Executive	26.75	25.05	-6.36%
Machinist	24.24	23.36	-3.63%
Electrical Engineer	52.74	42.58	-19.26%
Electronic Assembler	17.21	17.89	3.95%
Computer Support Specialist	29.14	25.95	-10.95%
Janitor	13.19	13.21	0.15%
Sheet Metal Worker	17.19	26.23	52.59%
Truck Driver - Heavy	19.22	20.68	7.60%

Source: Longmont Area Economic Council

City of Longmont Budgeted Positions Per Capita: Since 1990, Longmont's population has increased by approximately 75% (38,664 people). City government's growth during that period was a 38% increase, or 230 new employees, to provide services to a growing city. Positions per capita fluctuated from 1990 through 2002 and at approximately 0.01 2003 through 2007, and slightly decreasing every year since 2008.

Budgeted FTE Positions per Capita: All Funds

Year	Population	Positions	Capita
1990	51,555	602	0.0116
2000	71,093	791	0.0111
2001	76,098	818	0.0107
2002	77,328	852	0.0110
2003	79,321	837	0.0105
2004	81,169	818	0.0100
2005	82,798	832	0.0100
2006	84,636	836	0.0098
2007	85,762	861	0.0100
2008	86,194	859	0.0099
2009	86,303	854	0.0098
2010	86,270	832	0.0096
2011	87,850	829	0.0094
2012	87,854	831	0.0094
2013	90,219	832	0.0092

Regional Budgeted FTE Per Capita: In comparison to other front range cities, the City of Longmont had the third highest budgeted FTE per capita. This number can be a bit misleading due to the fact that some of these comparison Cities do not provide the same services as Longmont. The City of Loveland provided the closest comparison since they offer similar services.

2013 Budgeted FTE Per Capita Comparison

2013 Budgeted FTE Per Capita Comparison

City	Population	Total Budgeted FTE	Total Budgeted FTE Per Capita
Boulder	99,716	1,261	0.0126
Loveland	72,846	736	0.0101
Longmont	90,219	832	0.0092
Greeley	93,593	863	0.0092
Broomfield *	60,885	523	0.0086
Westminster	107,967	918	0.0085
Fort Collins	151,330	1,292	0.0085
Louisville	18,376	160	0.0087
Lafayette	26,629	181	0.0068
Thornton	122,643	822	0.0067

* Broomfield Budgeted FTE includes only City FTE

FTE Differences from Longmont

Boulder	No Power Utilities or Trash
Loveland	No major differences
Greeley	No Power Utilities, Trash or Library
Westminster	No Power Utilities or Trash
Broomfield	No Power Utilities, Trash or Fire Department
Fort Collins	No Trash, Fire, or Library
Louisville	No Power Utilities, Trash or Fire Department
Lafayette	No Power Utilities or Trash
Thornton	No Power Utilities or Library

Economic Summary: Longmont benefited from strong economic health for several years prior to and into 2001. In 2002, 2003 and 2004, the City recognized the declining economic climate and took steps to offset the expected decline in revenues. The City's economy showed signs of a recovery during 2004 then leveled off in 2005 and 2006. Revenue increases in 2006 were less than what was seen in 2005 while revenue increases in 2007 were 4.8% largely due to the implementation of the new Public Safety tax. Revenue in 2008 and 2009 decreased 3.23% and 2.75% respectively, but then increased in 2010 through 2013 by 4.67%, 7.07%, 4.44%, and 3.24% respectively. The increase is primarily due to Electric Fund rate adjustments, higher sales and use taxes, an increase in grant awards, and the Boulder County contribution on the new Firing Range. While Colorado has fared better than the US during this recession, the City of Longmont has had to deal with the impacts of a depressed economy forcing the continuation of tough decisions on the allocations of scarce resources.

The first six months of 2014 have been very strong for sales and use tax collections, collections are up 10.8% from the same period in 2013. The redevelopment of the Twin Peaks Mall is underway with a target of a partial opening in the fourth quarter of 2015. With the mall fully closed there will be a drag in sales tax growth over the next twelve months. Sales tax revenue for the mall redevelopment is not included within the 2015 proposed budget.

The number of building permits for new dwelling units through July 2014 is 135, which is greater than 105 permits through July 2013. The valuation on commercial building permits in 2014 is \$18.3 million compared to \$20.5 million in 2013. The number of housing units on the market as of July 2014 was 323 compared to 300 as of December 2013.

FUND STRUCTURE

The City maintains a variety of funds to account for various revenues and expenditures. The use of multiple funds is necessary to ensure compliance with the Governmental Accounting Standards Board (GASB) and to promote financial accountability to its citizens. Each of the City's funds falls into one of three broad fund categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

The Governmental Funds category includes five fund types that provide the financing for a variety of City services. These five fund types are the General Fund, the Special Revenue Funds, the Debt Service Funds, the Capital Projects Funds, and the Permanent Funds.

- The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives the majority of its revenues from sales, use and property taxes.
- Special Revenue Funds account for certain revenues, such as specific taxes and grants that are legally restricted to be spent for specified purposes. Funds included here are: Street Improvement Fund; Electric Community Investment Fee Fund; Public Buildings Community Investment Fee Fund; Transportation Community Investment Fee Fund; Park Improvement Fund; Open Space Fund; Conservation Trust Fund; Community Development Block Grant Fund; Public Safety Fund; and other smaller funds.
- Debt Service Funds account for the accumulation of resources to pay principal, interest, and related costs on long term governmental debt.
- Capital Projects Funds account for financial resources which are designated for the acquisition or construction of general government capital improvements. The Public Improvement Fund is the City's Capital Projects Fund. It is financed from sales and use tax revenues.
- Permanent Funds account for endowments which are legally restricted to the extent that only earnings, and not principal, can be expended.

The Proprietary Funds category includes Enterprise Funds and Internal Service Funds.

- Revenues and expenditures of each of the City's six utilities (Electric, Broadband, Water, Sewer, Storm Drainage and Solid Waste) are accounted for through an Enterprise Fund. Each utility is financed and operated as a business-like enterprise, which requires periodic determination of revenues earned, expenses incurred and net income. Other Enterprise Funds are the Airport Fund and the Golf Fund.
- Internal Service Funds account for operations that provide goods or services to other City departments on a cost reimbursement basis. Included in this group are the Fleet and Warehouse Funds, as well as the City's Self-Insurance Funds.

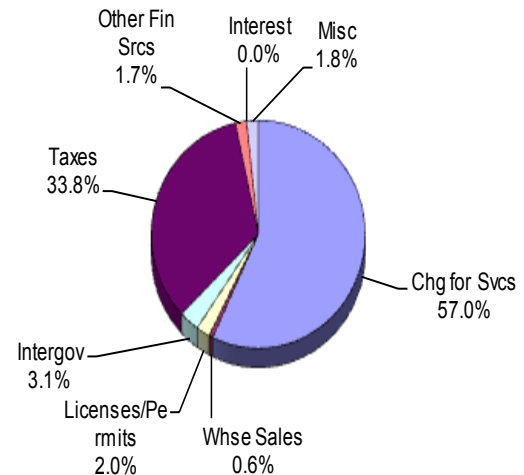
The Fiduciary Funds category consists of Trust Funds which must be spent as provided in legal trust agreements and related to state laws, such as the Pension funds.

CITY-WIDE REVENUES

Total City Revenues: As reported in the 2013 *Comprehensive Annual Financial Report (CAFR)*, the City's revenues in 2013 totaled \$221.4 million, an increase of 3.24% from 2012. Following are total revenues for all funds.

	Total Revenues	% Change	Adjusted for Inflation	% Change
2000	\$ 170,346,351	--	119,123,322	--
2001	180,867,105	6.18	120,578,070	1.22
2002	170,833,879	(5.55)	111,656,130	(7.40)
2003	168,782,056	(1.20)	108,891,649	(2.48)
2004	178,917,059	6.00	115,430,361	6.00
2005	183,085,079	2.33	115,876,632	0.39
2006	185,798,475	1.48	113,291,753	(2.23)
2007	194,723,266	4.80	115,906,706	2.31
2008	188,433,581	(3.23)	108,295,161	(6.57)
2009	183,242,957	(2.75)	105,920,784	(2.19)
2010	191,808,513	4.67	108,982,110	2.89
2011	205,362,535	7.07	112,836,558	3.54
2012	214,489,750	4.44	115,317,070	2.20
2013	221,445,738	3.24	115,940,177	0.54

2013 Revenues



Charges for Services: Charges for services, 57.0% of the City-wide revenues for 2013, totaled \$126.2 million, an increase of 2.48% from 2012. Following are charges for services broken out by Governmental Funds, Internal Service Funds and Enterprise Funds, based on Generally Accepted Accounting Principles (GAAP). The increase is attributable to increases in

	Governmental Funds	Internal Services Funds	Enterprise Funds	Total Revenues	% Change	Adjusted for Inflation	% Change
2000	\$ 7,465,165	\$ 10,473,337	\$ 60,791,929	\$ 78,730,431	--	\$ 55,056,245	--
2001	7,664,993	10,693,186	63,856,653	82,214,832	4.43	54,809,888	- 0.45
2002	9,366,109	11,991,408	66,157,693	87,515,210	6.45	57,199,484	4.36
2003	9,735,558	12,723,055	66,362,209	88,820,822	1.49	57,303,756	0.18
2004	10,207,341	13,443,307	68,124,200	91,774,848	3.33	59,209,579	3.33
2005	10,542,033	14,836,226	72,078,092	97,456,351	6.19	61,681,235	4.17
2006	10,863,269	13,215,096	76,596,647	100,675,012	3.30	61,387,202	- 0.48
2007	10,386,406	14,069,634	77,486,952	101,942,992	1.26	60,680,352	- 1.15
2008	10,572,260	14,886,578	76,349,722	101,808,560	(0.13)	58,510,667	- 3.58
2009	10,914,591	14,355,960	75,263,955	100,534,506	(1.25)	58,112,431	- 0.68
2010	13,070,916	14,713,754	81,473,092	109,257,762	8.68	62,078,274	6.82
2011	12,749,635	16,122,665	86,723,137	115,595,437	5.80	63,513,976	2.31
2012	13,327,419	16,813,684	93,032,512	123,173,615	6.56	66,222,374	4.26
2013	13,317,119	16,908,906	96,002,142	126,228,167	2.48	66,088,046	- 0.20

Sales and Use Tax: Sales and Use Tax accounted for 23.6% of the total City revenues in 2013, 22.9% in 2012, 23.0% in 2011 and 23.3% in 2010. Total sales and use tax increased by 6.13% in 2013, 4.46% in 2012 and 5.87% in 2011 after the City had experienced decreases in both 2008 and 2009. 2013 sales and use tax revenues are 12.0% above 2007 levels. Sales and Use taxes shown below were collected in the General Fund, the Public Improvement Fund, the Street Fund, the Open Space Fund and the Public Safety Fund as based on Generally Accepted Accounting Principles (GAAP).

	General Fund	Public Improvement Fund	Street Fund	Open Space Fund	Public Safety Fund	Total Revenues	% Change	Adjusted for Inflation	% Change
2000	\$ 20,114,999 (a)	\$ 4,266,818 (a)	\$ 9,143,181	\$ -	\$ -	\$ 33,524,998	--	\$ 23,444,055	--
2001	21,299,654 (b)	4,863,962 (b)	9,811,356	2,601,749 (c)	-	38,576,721	15.07	25,717,814	9.70
2002	20,365,611 (d)	4,911,004 (d)	9,478,730	2,527,661	-	37,283,006	(3.35)	24,367,978	(5.25)
2003	20,858,864 (e)	4,716,398 (e)	9,590,725	2,557,525	-	37,723,512	1.18	24,337,750	(0.12)
2004	22,905,289 (f)	4,022,853 (f)	10,098,053	2,692,816	-	39,719,011	5.29	25,625,168	5.29
2005	23,181,626	4,090,876	10,227,189	2,727,250	-	40,226,941	1.28	25,460,089	(0.64)
2006	23,798,827	4,199,793	10,499,482	2,799,861	-	41,297,963	2.66	25,181,685	(1.09)
2007	24,252,480	4,279,848	10,699,626	2,853,231	4,635,144 (g)	46,720,329	13.13	27,976,245	11.10
2008	24,207,871	3,952,522	10,560,147	2,816,040	4,576,063	46,112,643	(1.30)	26,501,519	(5.27)
2009	22,751,072	3,316,107	9,775,192	2,606,718	4,235,916	42,685,005	(7.43)	24,673,413	(6.90)
2010	23,640,672	3,581,110	10,208,168	2,722,178	4,423,539	44,575,667	4.43	25,327,084	2.65
2011	24,558,833	4,261,032	10,806,378	2,882,395	4,683,891	47,192,529	5.87	25,929,961	2.38
2012	26,106,434	3,999,340	11,289,666	3,010,578	4,892,188	49,298,206	4.46	26,504,412	2.22
2013	27,883,052	4,068,199	11,981,719	3,195,124	5,192,082	52,320,176	6.13	27,392,762	3.35

(a) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.66 cents / 0.34cents to 1.65 cents / 0.35 cents, respectively

(b) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.65 cents / 0.35 cents to 1.63 cents / 0.37 cents, respectively

(c) Sales tax rate changed from 2.75% to 2.95% with the .2% increase earmarked for the Open Space Fund.

(d) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.63 cents / 0.37 cents to 1.61 cents / 0.39 cents, respectively

(e) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.61 cents / 0.39 cents to 1.624 cents / 0.376 cents, respectively

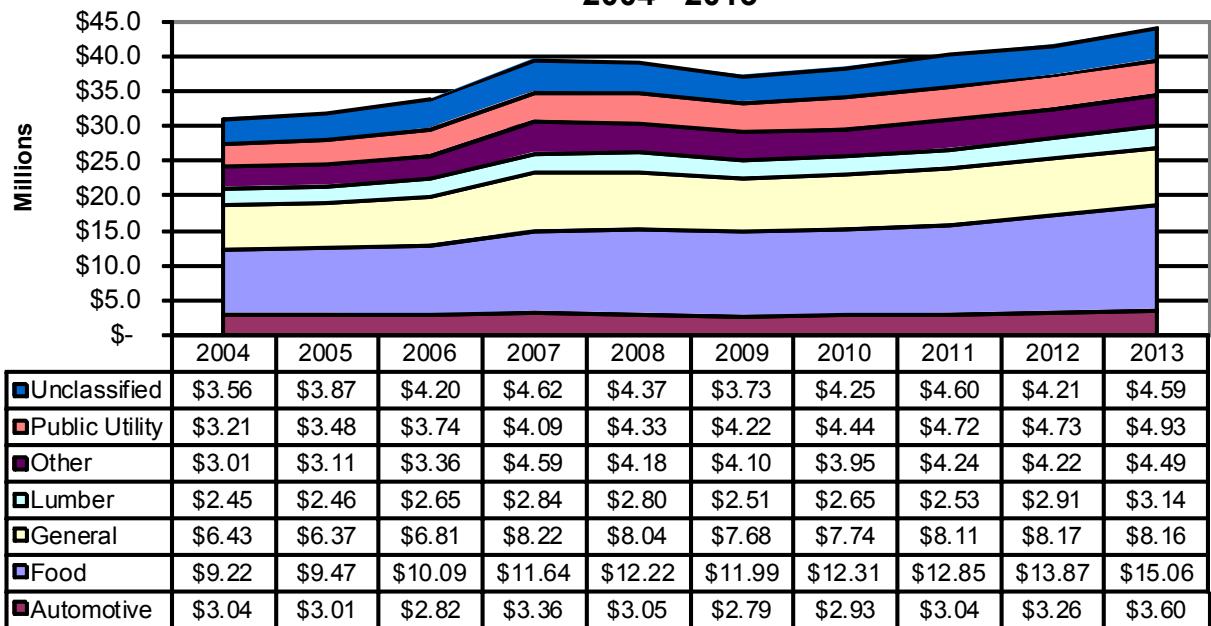
(f) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.624 cents / 0.376 cents to 1.7 cents / 0.3 cents, respectively

(g) Sales tax rate changed from 2.95% to 3.275% with the .325% increase earmarked for the Public Safety Fund.

(h) Effective 2008 the Financial Policy that allocates sales and use tax between General Fund and Public Improvement Fund was changed such that the allocation of the 2.0 cents of sales tax revenue will be budgeted as 85% to the General Fund and 15% to the Public Improvement Fund. Because of the volatility of use tax revenue the allocation of revenues in the budget will be as much of the sales tax as possible to the General Fund and as much of the use tax as possible to the Public Improvement Fund while still maintaining the 85% and 15% allocation of budgeted revenues respectively. Actual revenues received will be credited between the two funds in accordance with their respective budgeted shares of the sales and use tax. The actual distribution of tax rate between General Fund and Public Improvement Fund for 2008 and 2009 was 85.5% and 14.5%, respectively. The actual distribution of tax rate between General Fund and Public Improvement Fund for 2010 through 2014 was 88.3% and 11.7%, respectively.

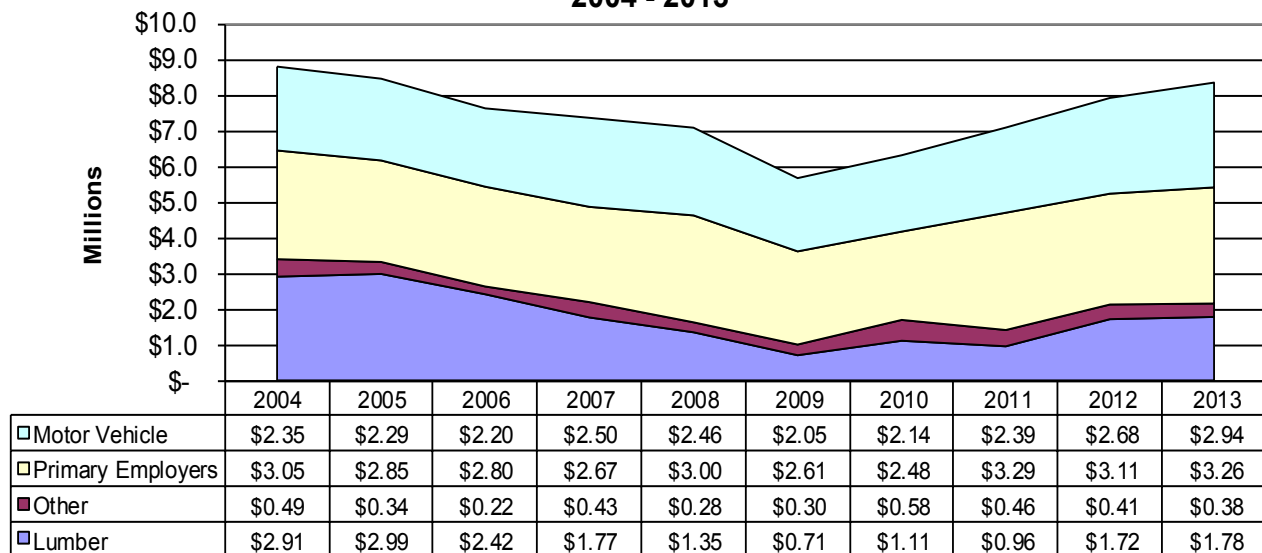
Sales and Use Tax by Industry: The following area graphs show the trend of sales and use tax by industry from 2004 to 2013. To make the graphs easier to read some of the smaller categories have been combined. In 2013, sales tax increased for the fourth year in a row after decreasing in both 2008 and 2009. Food is the largest sales tax category followed by the General category, which includes department stores, drug stores and other specialty stores. All categories of sales tax increased in 2013 with the exception of the General category which decreased slightly. Use tax is more volatile than sales tax. In 2013, total use tax increased for the fourth time since 2009. Use tax from food, lumber, professional, unclassified, manufacturing, and motor vehicles increased to near 2007 and 2008 levels. The largest categories of use tax are displayed below while the smaller categories have been combined.

**Sales Tax By Industry
2004 - 2013**



Note: Other includes Apparel, Home Furnishings, Lodging, Professional, Home Occupation and Manufacturing.

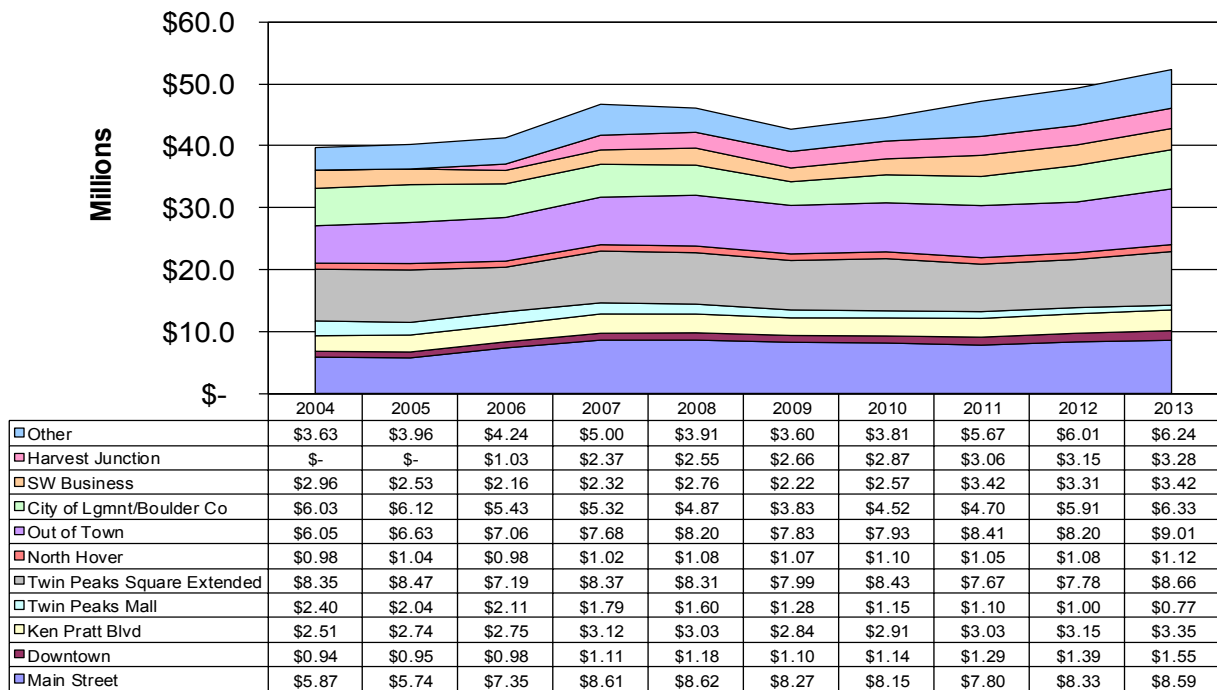
**Use Tax By Industry
2004 - 2013**



Note: Primary Employers includes Manufacturing Professional and Unclassified. Other includes Apparel, Automotive, Food, Home Furnishings, General, Lodging, Public Utility, and Home Occupation.

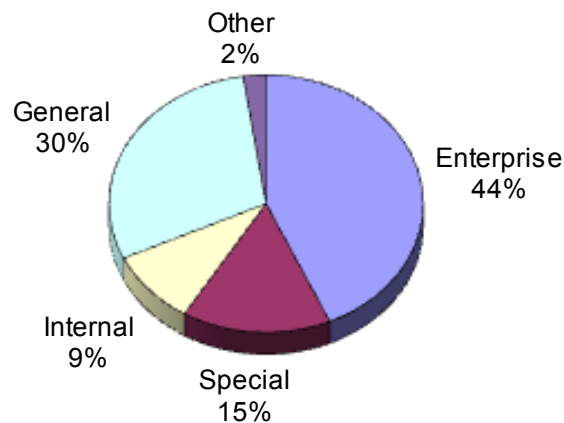
Sales and Use Tax by Location: The following area graph shows the trend of sales and use tax by location from 2004 to 2013. To make the graph easier to read some of the smaller categories have been combined. The combined Main Street (excluding Downtown), Twin Peaks Square Extended, Out of Town, and City of Longmont/Boulder County locations are the areas where the largest sales and use tax collection occurs. Downtown, Ken Pratt Boulevard, Twin Peaks Mall, North Hover and the South West Businesses are the smallest collection areas of town.

**Sales & Use Tax By Location
2004 - 2013**



Note: Other includes Lashley, Francis, Airport, Pace, Miscellaneous and All Others. Main street locations have been combined with the exception of Downtown. City of Lgmnt/Boulder Co represents utility taxes, building permit taxes and vehicle taxes.

2013 Revenue By Fund Group (GAAP Basis)



General Fund: The City's General Fund revenues in 2013 totaled \$65.6 million. This is an increase of 2.68% from 2012. Revenue increases were seen in all categories except for intergovernmental revenue, charges for services, fines and forfeits, property tax, and investment income which decreased 0.57%, 0.86%, 26.54%, .11%, and 93.08% respectively. Although the percentage decreases in investment income and fines and forfeits were large, the actual decrease in revenue collected was relatively small (2.68% combined). Increases were seen in sales and use taxes, other taxes, licenses and permits, and miscellaneous revenue of 6.81%, 6.30%, 6.16%, and 15.44% respectively. The increase in sales and use tax is due to increased tax revenue in almost every category. The increase in other taxes is due to an increase in franchise tax revenue. The increase in licenses and permits is due to increased building permit revenue. The increase in miscellaneous revenue is due to increased document reproduction revenue.

Enterprise Funds: Operating revenues in the Enterprise Funds increased by 3.19%, or \$3.0 million from 2012. Electric operating revenues increased by 6.45% in 2013 mainly due to rate increases. Sewer operating revenues increased by 12.8% due to rate increases and increased usage. Smaller increases were seen in the Storm Drainage, Sanitation, Airport and Golf funds. Total revenues in the Water Fund decreased in 2013.

Special Revenue Funds: Revenue from these funds increased by 3.18% or \$1.0 million in 2013. Intergovernmental revenue increased (\$201,960) due to increased grant awards. However, the majority of this increase was due to an increase in sales and use tax revenue in the Open Space and Public Safety Funds.

Internal Service Funds: Revenues in the Internal Service Funds increased 2.01% in 2013. Most of the revenue in these funds is from charges to or transfers from other funds. The Fleet Fund charges all operating departments a fleet lease charge for vehicle operating, maintenance and replacement costs, and those charges decreased by 13% in 2013. The Employee Benefit Fund increased by 10.1% primarily due to higher medical insurance premiums.

Other Funds: Revenues in the Public Improvement Fund increased by 19.8% in 2013. Use tax revenues in this fund increased by 1.72% and private grants and donations increased by \$831,024 in the Affordable Housing and Open Space Fund.

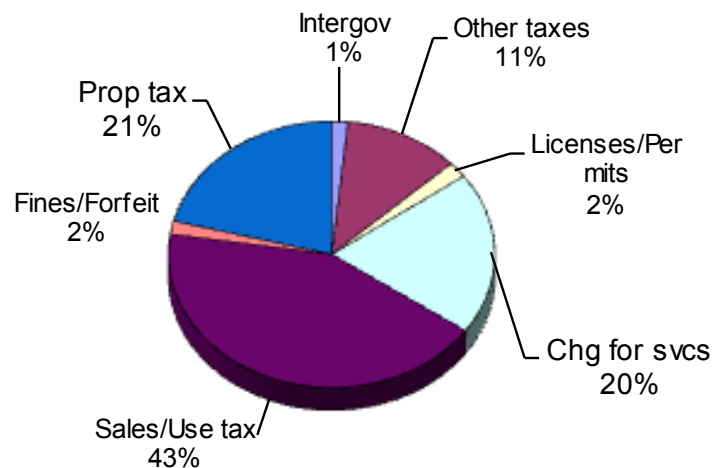
General Fund Revenues

The General Fund accounts for most of the services typically associated with local government including police and fire protection, parks, recreation facilities and programs, library and museum services, planning, code enforcement, legal, finance and human resources. The General Fund shows wide fluctuations during the last twenty years. In 2013, the General Fund experienced revenue growth of more than 2.68%.

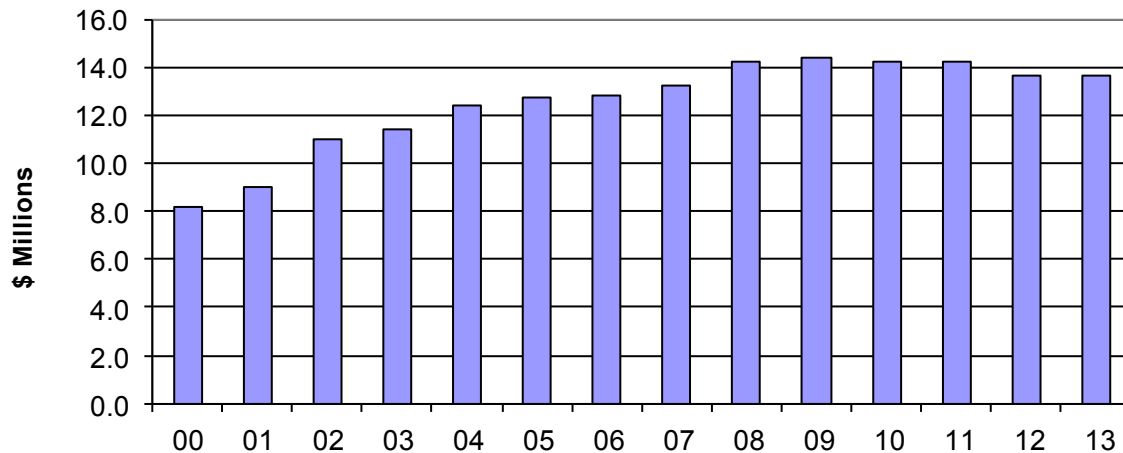
2000-2013 General Fund Revenues (GAAP Basis)

		Revenues	% Change	Adjusted for Inflation	% Change
2000	\$	44,325,146	--	30,996,606	--
2001		47,096,470	6.25	31,397,647	1.29
2002		48,434,798	2.84	31,656,731	0.83
2003		49,881,528	2.99	32,181,631	1.66
2004		53,641,393	7.54	34,607,350	7.54
2005		55,085,060	2.69	34,863,962	0.74
2006		56,122,070	1.88	34,320,477	(1.56)
2007		56,480,692	0.64	33,796,268	(1.53)
2008		57,979,560	2.65	33,390,898	(1.20)
2009		57,284,329	(1.20)	33,209,023	(0.54)
2010		60,485,434	5.59	34,421,239	3.65
2011		61,562,825	1.78	33,787,340	(1.84)
2012		63,883,417	3.77	34,392,723	1.79
2013		65,595,428	2.68	34,362,203	(0.09)

2013 General Fund Resources



Property Tax Receipts: 2000 - 2013



In 1991 the City increased the property tax mill levy to fund additional public safety positions. This mill levy increase temporarily reversed the trend of declining or flat property tax revenue. In 2013, the City saw property tax revenue decrease .11%. This is the third year in a row property tax revenues have decreased. However, this decrease is much smaller and could reflect increasing value of residential, commercial and industrial property. The mill levy has remained at 13.42 mills since 1991.

General Fund Property Tax Levies and Collections

LEVY YEAR	COLLECTION YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	COLLECTIONS AS % OF CURRENT LEVY
2003	2004	12,619,238	12,459,430	98.7	(6,779) (b)	12,452,651	98.7
2004	2005	12,927,716	12,730,641	98.5	3,852	12,734,493	98.5
2005	2006	13,037,177	12,849,208	98.6	7,168	12,856,376	98.6
2006	2007	13,445,358	13,286,992	98.8	9,040	13,296,032	98.9
2007	2008	14,461,571	14,274,137	98.7	(21,130) (b)	14,253,007	98.6
2008	2009	14,568,772	14,398,968	98.8	3,587	14,402,555	98.9
2009	2010	14,512,552	14,297,043	98.5	(204) (b)	14,296,839	98.5
2010	2011	14,497,504	14,263,350	98.4	(7,257) (b)	14,256,093	98.3
2011	2012	13,921,660	13,709,639	98.5	(3,527) (b)	13,706,112	98.5
2012	2013	13,864,802	13,712,024	98.9	(20,700) (b)	13,691,324	98.7

(a) Property taxes are assessed by Boulder and Weld Counties and, after collection and deduction of 1% as a collection fee, are remitted to the City. Outstanding delinquent taxes, although relatively minor, are not known by the City, and are assumed to be negligible.

(b) Refunds exceeded delinquent collection.

2013 Principal Taxpayers

Taxpayer	Type of Business	2012 Assessed Valuation	Percentage of Total Assessed Valuation
AMGEN INC	Pharmaceutical Industry	\$ 27,185,705	2.60%
SEAGATE TECHNOLOGY LLC	Computer Industry	20,828,596	1.99%
LONGMONT DIAGONAL INVESTMENTS LP	Land Development	19,208,441	1.84%
XLINX INC	Computer Industry	15,392,183	1.47%
HUB PROPERTIES TRUST	Land Development	11,233,615	1.08%
RAMCO-GERSHENSON PROPERTIES LP	Land Development	9,655,458	0.92%
DIGITALGLOBE INC	Global Imaging	7,114,790	0.68%
BRASS CREEKSIDE LP	Land Development	5,505,215	0.53%
LONGMONT SQUARE PLAZA LLC et al	Land Development	4,759,219	0.46%
UCM CIRCLE LONGMONT LLC	Land Development	4,394,199	0.42%
Total Taxable Assessed Value of 10 Largest Taxpayers		125,277,421	12.00%
Total Taxable Assessed Value of Other Taxpayers		918,874,434	88.00%

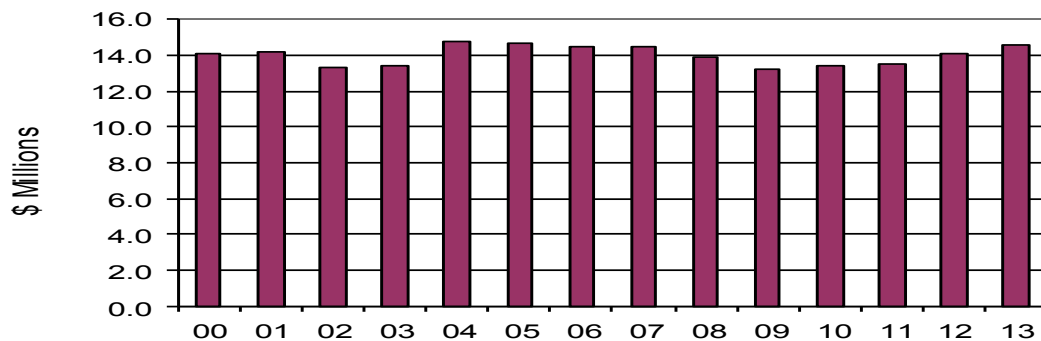
Regional Tax Rates: In comparison to neighboring front range cities with a population over 19,000, Longmont has the second lowest sales tax rate, and the third highest property tax mill levy.

2013 Property Tax and Sales Tax Rate Comparisons

	Mill Levy	Sales Tax Rate
Longmont	13.420	3.275%
Boulder	11.981	3.410%
Broomfield	15.261	4.150%
Fort Collins	9.797	3.850%
Greeley	11.274	3.460%
Lafayette	14.379	3.500%
Louisville	6.710	3.500%
Loveland	9.564	3.000%
Thornton	10.210	3.750%
Westminster	3.650	3.850%

Sources: Mill Levies - Adams, Boulder, Broomfield & Weld County websites
Sales Tax Rates - City websites

Sales and Use Tax Receipts Adjusted for Inflation: 2000-2013



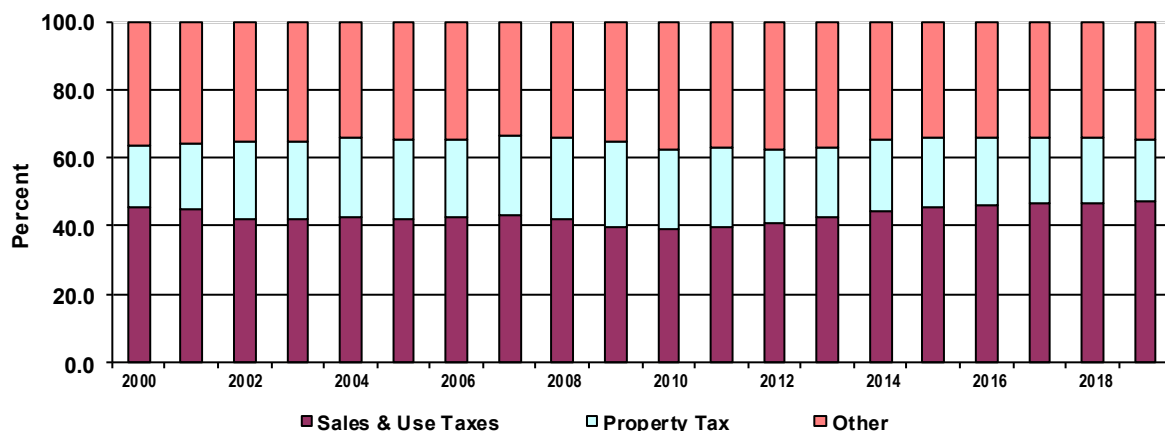
When adjusted for inflation, the General Fund's sales and use tax receipts for 2013 equaled \$14,606,553 an increase of \$551,710 from 2012. Sales and use tax receipts totaled \$14.1 and \$14.2 million from 2000 to 2001. In 2002 and 2003, receipts dipped to \$13 million. 2004 showed an increase to \$14.8 million, with 2005 through 2007 remaining relatively flat at \$14.7 million, then decreases slightly to \$14.5 million. In 2008 receipts decreased to \$13.9 million and decreased again in 2009 to \$13.2 million. In 2010 and 2011, receipts increased to \$13.5 and increased again in 2012 to \$14.1 million.

The General Fund continues to derive a large percentage of its revenues from sales and use taxes. In 2013, this percentage was 42.5% (\$27.9 million). Future projections show the percentage will range between 45.3% to 47.1% through 2019.

Property tax revenues totaled \$13.7 million, or 20.9%, of the General Fund's revenues in 2013. Projections show this revenue increasing to 21.1% in 2014 and decreasing to 20.4% in 2015, 19.8% in 2016, 19.4% in 2017, 19.0% in 2018, and then decreasing again to 18.6% by 2019.

All other General Fund revenues generated \$24.0 million, or 36.6% in 2013. Included in this category are other taxes, licenses and permits, developer participation, charges for services, fines and forfeits, investment income, intergovernmental revenue, other financing sources and miscellaneous revenues. Projections show a gradual increase to \$25.3 million by 2019.

Percentage of General Fund Revenues By Source



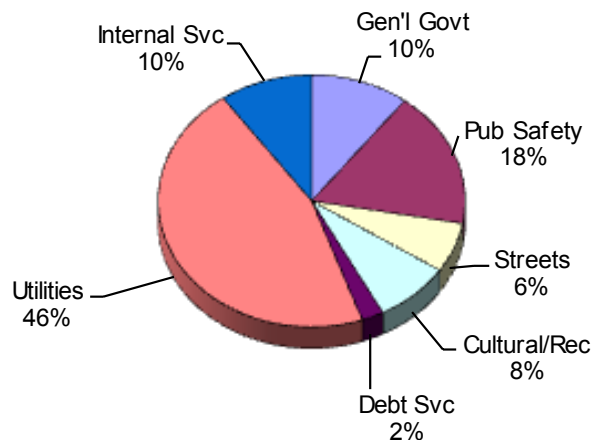
NOTE: 2000-2013 are actual amounts collected; 2014 is estimated revenues; 2015 is proposed budgeted revenues; and 2016-2019 are projections.

EXPENDITURES

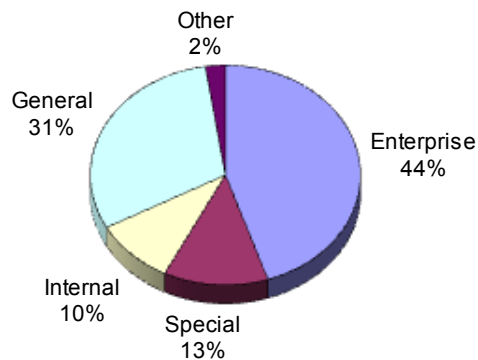
Total City Expenditures: As reported in the 2013 Comprehensive Annual Financial Report (CAFR), the City's expenditures totaled \$215.6 million. This is a decrease of 1.81% from 2012. The expenditure figures below include all funds and are based on Generally Accepted Accounting Principles (GAAP).

	Total	%	Adjusted	%
	Expenditures	Change	for Inflation	Change
2000	\$ 155,908,012	--	109,026,582	--
2001	196,795,357	26.23	131,196,905	20.33
2002	186,747,682	(5.11)	122,057,308	(6.97)
2003	172,714,507	(7.51)	111,428,714	(8.71)
2004	185,353,130	7.32	119,582,665	7.32
2005	186,114,475	0.41	117,793,972	(1.50)
2006	187,908,823	0.96	114,578,551	(2.73)
2007	184,187,153	(1.98)	109,635,210	(4.31)
2008	193,491,604	5.05	111,202,071	1.43
2009	200,642,508	3.70	115,978,328	4.30
2010	199,262,194	(0.69)	115,180,459	(0.69)
2011	205,653,253	3.21	112,996,293	(1.90)
2012	219,554,919	6.76	118,040,279	4.46
2013	215,581,388	(1.81)	112,869,837	(4.38)

2013 Expenditures All Funds



2013 Expenditures By Fund Groups (GAAP Basis)



General Fund: The City's General Fund expenditures in 2013 totaled \$65.8 million. This is a decrease of 2.3%, or \$1.5 million from 2012 expenditures. Public Safety expenditures increased by \$1.0 million (0.03%), General Government expenditures decreased by \$2.2 million (0.1%) and Culture and Recreation expenditures decreased \$304,932 (0.02%), as further explained on the next page.

Enterprise Funds: Operating expenses for the Enterprise Funds increased by 5%. Over 45% of the expenses in the Enterprise Funds are for the purchase of wholesale electric power in the Electric utility. Expenses in the Water Fund slightly increased by 2% from 2012, broadband expenses increased by 105%, sewer increased by 14%, and sanitation had a slight decrease in expenditures of 5.7% from 2012.

Special Revenue Funds: Special Revenue Funds total expenditures were \$26.9 million, a decrease of 19.4%, or \$6.5 million from 2012. Almost every special revenue fund had significant decreases in expenditures due to a change in staff priorities for flood mitigation. The largest decreases were seen in the Streets Fund of 22.4%, the Park Improvement fund of 78.2%, the Water Construction fund of 63.8%, and the Open Space fund of 14.5%. Conservation Trust Fund expenditures increased by \$71,202 due to an increase in work done for flood projects. CDBG expenditures increased by \$92,746 due to loan payoffs. The Public Safety Fund increased by \$99,476.

Internal Service Funds: The Internal Service Funds operating expenses increased 2.5% in 2013, due to increased sales in the Warehouse Fund, increases in the Employee Benefit fund, Worker's Compensation Fund, and Unemployment insurance. There were slight decreases in the Dental Trust Fund and the Fleet Services Fund.

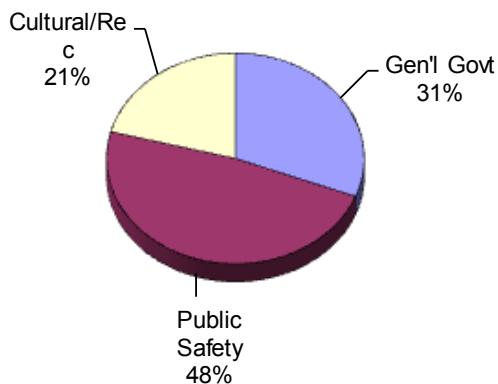
Other Funds: Expenditures in the Public Improvement Fund increased 2% in 2013. Capital projects decreased \$993,367. The decrease is probably largely due to a change in priorities caused by the flood.

1994 - 2013 General Fund Expenditures (GAAP Basis)

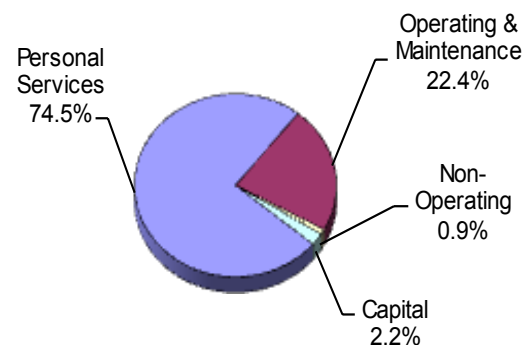
	Expenditures	% Change	Adjusted for Inflation	% Change
2000	40,329,676	8.99	28,202,571	5.18
2001	44,533,384	10.42	29,688,923	5.27
2002	49,414,348	10.96	32,296,959	8.78
2003	48,441,507	-1.97	31,252,585	-3.23
2004	51,267,900	5.83	33,076,065	5.83
2005	56,046,817	9.32	35,472,669	7.25
2006	57,958,144	3.41	35,340,332	-0.37
2007	57,408,977	-0.95	34,172,010	-3.31
2008	58,158,259	1.31	33,424,287	-2.19
2009	58,360,778	0.35	33,734,554	0.93
2010	58,379,352	0.03	33,170,086	-1.67
2011	60,778,246	4.11	33,394,641	0.68
2012	67,303,680	10.74	36,184,774	8.36
2013	65,758,569	-2.30	34,428,570	-4.85

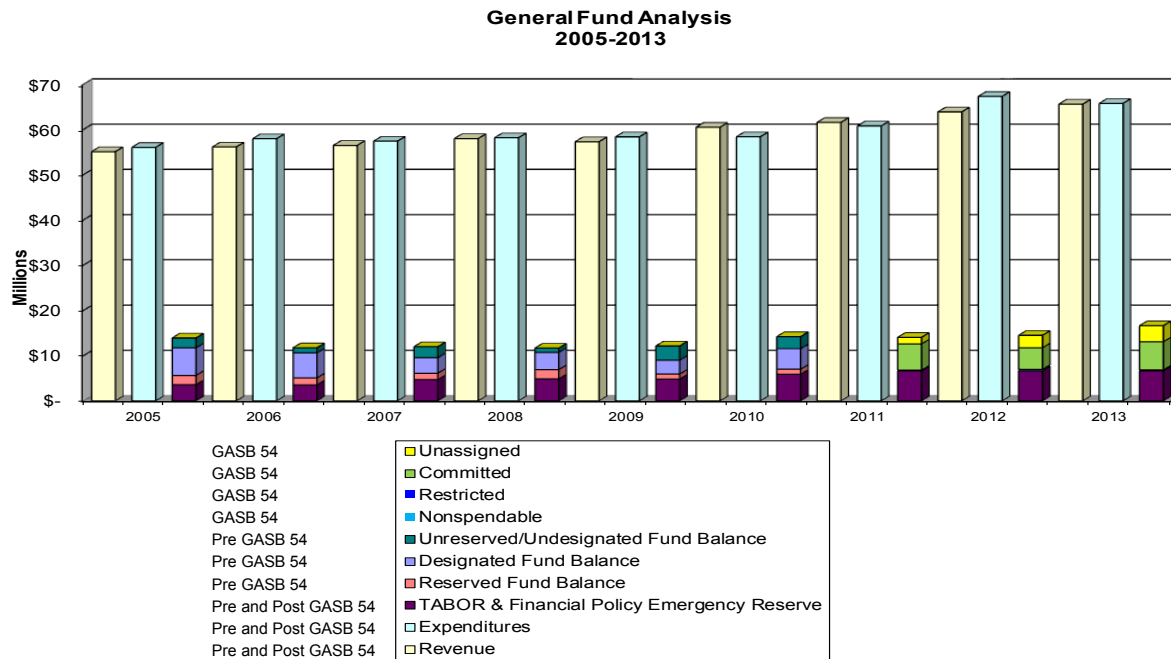
General Fund Expenditures: The City's General Fund expenditures in 2013 totaled \$65.8 million. This is a decrease of 2.3%, or \$1,545,111 from 2012 expenditures. General Government expenditures decreased by \$2,242,342 (9.95%) from 2012. Public Safety expenditures increased by \$1.0 million (3.26%) due to increases in support services. Culture and Recreation expenditures decreased by \$304,932 (2.17%) due to various line item decreases in Youth Services, Museum, and the Park's budget.

Expenditures by Service



Expenditures by Category





General Fund expenses exceeded revenues from 2005 through 2009. This is evidence of a declining economic cycle. The City has responded to the declining revenues by reducing General Fund expenditures while attempting to maintain quality services to its residents. In 2005 and into 2006 the City's economy began to slowly show positive indicators and the City managed to adopt a budget that maintained current service levels. Mid-year 2007 the City was again in a situation of having to save up to 3% of budgeted expenditures to offset the decrease in development revenue and use tax. The 2008 through 2012 budgets included further reduction and the 2013 budget included a 5.49% increase from the 2012 budget.

Starting in 2011 GASB 54 was implemented creating new categories, of fund balances as shown in the above graph divided into 5 separate categories: the TABOR and Financial Policy reserve requirements; nonspendable, restricted, committed, and unassigned. In 2007 City Council changed the General Fund Reserve Policy by increasing it from 6% of budgeted expenses to 8% it was changed again in 2011 to add a stabilization reserve component of 3% to 8% this reserve is currently unfunded. The following is a comparison of the fund balance breakdown for 2012 and 2013:

	2012	2013
TABOR and Financial Policy Emergency Reserve	\$ 6,648,909	\$ 6,648,909
Nonspendable	327,709	204,490
Restricted	3,973	-
Committed	4,785,126	6,232,102
Unassigned	2,724,853	3,542,574
Total General Fund fund balance	\$ 14,490,570	\$ 16,628,075

FIVE-YEAR FUND PROJECTIONS

This section contains five-year projections of revenues and expenditures in the City's major operating funds: General, Water, Sewer, Electric, Sanitation, Storm Drainage, Street and Public Safety Fund. As with any such forecasts, the projections made in this report are completely dependent on the assumptions made. In establishing assumptions, one can either try to project what may happen in the future, or extend current trends to see what may happen if those trends continue. Both methodologies were used in the creation of these projections.

These analyses are not intended to be precise projections of what we will need in the future. Instead, they alert us to what the future may possibly look like. These estimates are purposefully conservative in nature so that we may prepare ourselves for circumstances that may require changes in the way we operate.

General Fund

The following assumptions were made for revenue and expenditure projections for the General Fund. Unless stated otherwise, these same assumptions were used where applicable in the other funds as well.

Revenues:

- A slight increase of 0.1% in property tax collections are projected for 2014. Based on early information from the Assessor's office and the past valuations having a declining assessed valuation, the 2014 proposed budget includes a slight increase of 0.2% in this revenue source. We are projecting property values to remain flat in 2016 - 2019.
- The 2014 budget for all sales and use tax is based on a 3.2% increase from projections for 2014. Sales and use taxes in the General Fund are projected to decrease by 0.8% in 2016 due to return of the 85%/15% split, and increase by 3% from 2017-2019. This reflects the anticipated gradual recovery of the economy and projected population growth of the City. The financial policy on sales and use tax receipts governing the allocation between the General Fund and the Public Improvement Fund (PIF) has implications on the ability of the General Fund to meet existing service levels, as well as increasing demands for service over the long term. The allocation was 85% (1.7 cents) in the General Fund and 15% (.3 cents) in the Public Improvement fund from 2004 through 2009. In an attempt to further stabilize the General Fund, beginning in 2008 this policy was changed so that a greater percentage of the more stable sales tax will go to the General Fund while greater percentage of the less stable use tax will go to the Public Improvement Fund where it is much easier to react to the volatility seen in this revenue source, while continuing the 85%/15% split. In the 2010 budget process, Council directed that the split be changed to 88.3% to the General Fund and 11.7% to the PIF. This split was continued by Council for the 2011-2014 budget. The split for the 2015 budget is 87.7% to the General Fund and 12.3% to the Public Improvement Fund. The allocation of the 2.0 cents of sales and use tax revenue is proposed as 100% of the sales tax and 27.89% of the use tax to the General Fund with the Public Improvement Fund to receive 72.11% of the use tax. Projections for 2016 through 2019 assume the sales and use tax allocation is returned to the 85%/15% split.

Revenues (continued):

- Ongoing building permit revenues for 2015 are projected to increase by 23.6% from 2014. The total number of permits for new dwelling units is expected to decrease from 369 projected dwelling units in 2014 to 323 units in 2015. Of that 120 are considered base ongoing units in each year and permits above this base level are considered one time incremental development revenue. The projected revenue increase will come from remodel and other permits. Total building permit revenue is projected to increase 2% in the out years and is based on the Planning Division's estimates of housing starts in each of those years.
- Interest earnings are budgeted at \$75,000 for each year of the five-year period.
- Administrative transfers fluctuate from year to year depending on the fund in which the fees are transferred from. These fees are updated annually based on actual prior year support of General Fund services to each of the major operating funds. Projections for these revenues average about a 2% increase for 2016 and 3% from 2017 through 2019 to reflect projected increase in the General Fund salaries paid to the services that provide assistance to the Enterprise and other operating funds.

Expenditures:

- The 2015 General Fund Budget includes a net increase of 8.75 FTE. Projections for 2016 through 2019 include no new personnel. This may not be a realistic assumption as there have been numerous FTE reductions without a reduction in demands on the General Fund for services. However, we use this assumption to determine if we could continue to fund our current activities based on current trends.
- The 2015 budget does not include funding for merit/performance increases for open range employees but it does include \$1,500 for each full time employee (pro-rated for part time employees) that, depending on where the employee falls compared to the market, will either be an addition to their base salary (employees below market), a one time bonus (employees above market), or a combination of both. It includes a 2.5% increase in pay for the Police collective bargaining agreement and 1.75% for the Fire collective bargain agreement. For 2016 most personnel costs are projected to increase at 2% followed by a 3% through 2019 as they follow anticipated pay increases, except health insurance costs which are projected at 5% increases each year.
- Operating and Maintenance projections have been updated based on historical trends. Most line item expenditures are projected to increase between 2.0% and 3.0%. Fleet lease rates are expected to increase 3.6% annually for the operating and maintenance portion and 4% annually for the depreciation portion.
- One-time expenditures have been separated from other expenditures at the end of the table. These expenditures are financed with fund balance or carryover amounts. They are not considered ongoing expenses and they might not be budgeted in any year where an excess fund balance is not expected. To be consistent, since excess revenues are not projected, these expenses, which are ultimately financed with such excess revenues, are not included in the 2016 through 2019 projections.

Using these assumptions, in 2015 the General Fund projections show expenditures exceeding revenues by \$2,207,481 which is the amount of one time expenses that are budgeted from the projected fund balance. Forecast projections for 2016-2019 show ongoing expenses exceeding ongoing revenues from \$478,794 in 2016 to \$2,058,926 by 2019.

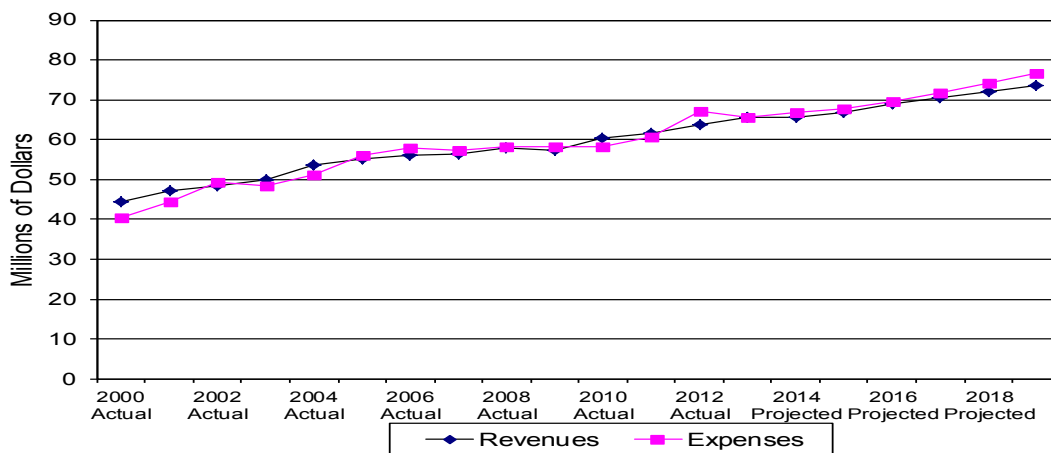
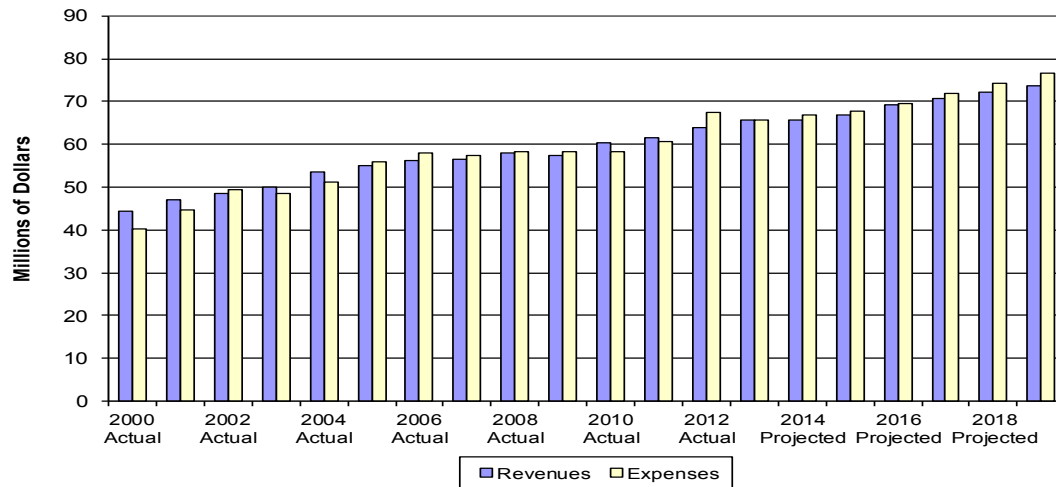
Conclusion:

We are extremely dependent on growth in sales and use tax and property tax to be able to sustain growth in service levels in the General Fund. This conclusion is supported by recent experience. Over the past five years the only annual budget in which we have been able to address increasing demands for services without offsetting cuts was in 2005. This was after a year in which we experienced growth of 5.3% in the sales and use tax. The five year projections result in operating deficits between 2016 and 2019. The projected deficits reflect that strong growth in tax revenue is necessary to increase service levels as well as meet existing demands for service.

According to the Longmont Area Comprehensive Plan, the City is nearing build-out. As this occurs, it is sure to have an impact on revenue sources such as property tax and building permits. Up to this point, a large portion of the growth in property tax revenue has been due to new construction. This revenue is no longer being realized as construction tapers off. Building permit revenues stemming from new construction have certainly proven to not be sustainable. In fact the revenue challenges that the City has faced over the last several years are certainly similar to the challenges of a community reaching build-out. In an attempt to mitigate some of those challenges, beginning with the 2005 Budget, we introduced a financial policy regarding the use of incremental development revenue. Incremental development revenue will only be available for development related expenses that are either one-time or else subject to reduction in the event that this level of revenue is not sustainable in the future. Since 2005 that revenue has essentially dried up and adjustments have been made to subsequent budgets due to the decreases in development revenues. Going forward any new development revenue over the projected 120 permits per the Policy will be considered to be incremental development revenue. With 2015 development revenues based on 203 dwelling units there is \$517,016 of incremental development revenue included as a part of the 2015 proposed budget.

We continue to survive the economic turmoil through conservative revenue projections and tightly managing budgets, included extending vacancies and limited pay increases. The Financial Policy regarding the allocation of the 2% sales and use tax, which puts more off the sales tax to the General Fund and more of the use tax to the Public Improvement Fund (PIF), has been successful in stabilizing revenue swings and providing us the ability to change the allocation of the 2% tax between the General Fund and the PIF but still manage to provide fund balance for capital projects from the PIF.

Previous Financial Assessment Reports have also indicated that our General Fund is dependent on a strong local economy to generate the revenues needed to continue to provide existing services. Our experience with sales and use tax revenues in 2002 and 2008-2011 and development related revenues in 2005-2009 have validated the stated concern that a slowdown in the local economy would significantly curtail the availability of funds for necessary operating and maintenance costs associated with new or expanded General Fund services. It is imperative that the City continue the process of structurally aligning its' revenues and expenditures so the services provided to the community will continue to remain strong. Ultimately, the following issues all need to be resolved before the General Fund can be reset so that ongoing expenses can be sustained into the future with ongoing revenues: the allocation of sales and use tax revenue between the General Fund and the Public Improvement Fund; the utilization of fund balance to fund ongoing expenses. The Prioritization Process has been completed, which will be used to help achieve this structural alignment.

General Fund Revenues and Expenses: 2000 through 2019 Legal Basis

General Fund Actuals	Revenues	Expenses	(Deficit)
2000	44,325,146	40,329,676	3,995,470
2001	47,096,470	44,533,384	2,563,086
2002	48,434,798	49,414,348	(979,550)
2003	49,881,528	48,441,507	1,440,021
2004	53,641,393	51,267,900	2,373,493
2005	55,085,060	56,046,817	(961,757)
2006	56,122,070	57,958,144	(1,836,074)
2007	56,480,692	57,408,977	(928,285)
2008	57,979,560	58,158,259	(178,699)
2009	57,284,329	58,360,778	(1,076,449)
2010	60,485,434	58,379,352	2,106,082
2011	61,562,825	60,778,246	784,579
2012	63,883,417	67,303,680	(3,420,263)
2013	65,595,428	65,758,569	(163,141)
2014 Projected	65,649,056	66,738,139	(1,089,083)
General Fund Projections	Ongoing Revenues	Ongoing Expenses	Surplus (Deficit)
2015 Proposed Budget	66,978,356	67,807,684	(829,328)
2016	69,087,462	69,566,256	(478,794)
2017	70,590,700	71,842,183	(1,251,483)
2018	72,138,968	74,197,895	(2,058,926)
2019	73,733,610	76,636,414	(2,902,804)

Note: One time expenses, which are funded from fund balance, are included in the actual amounts from 2000 through 2013, and the 2014 projected actual.

GENERAL FUND REVENUE PROJECTIONS: 2014 - 2019

Revenues	2014		2015		2016		2017		2018		2019		% Change		
	Actual	Projected	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	2015	2016	2017
Property Taxes - Current	13,722,490	13,722,490	13,695,380	13,695,380	13,695,380	13,695,380	13,695,380	13,695,380	13,695,380	13,695,380	13,695,380	13,695,380	-0.2%	0.0%	0.0%
Sales and Use Taxes	27,813,105	27,813,105	28,702,789	30,296,917	30,296,917	31,205,825	32,141,999	33,106,259	33,106,259	33,106,259	33,106,259	33,106,259	3.2%	5.6%	3.0%
Use Taxes	1,159,687	1,159,687	1,646,036	1,646,036	1,646,036	1,646,036	1,646,036	1,646,036	1,646,036	1,646,036	1,646,036	1,646,036	41.9%	0.0%	0.0%
Cigarette Taxes	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	0.0%	0.0%	0.0%
Natural Gas Franchise	800,000	800,000	820,000	861,000	861,000	904,050	949,253	996,715	996,715	996,715	996,715	996,715	2.5%	5.0%	5.0%
Cable Television Franchise	860,000	860,000	860,000	885,800	885,800	912,374	939,745	967,938	967,938	967,938	967,938	967,938	0.0%	3.0%	3.0%
Telephone Franchise	207,376	207,376	200,304	192,292	192,292	184,600	177,216	170,128	170,128	170,128	170,128	170,128	-3.4%	-4.0%	-4.0%
Electric Franchise	5,074,847	5,074,847	5,196,643	5,352,542	5,352,542	5,513,119	5,678,512	5,848,867	5,848,867	5,848,867	5,848,867	5,848,867	2.4%	3.0%	3.0%
Telecommunications Franchise	8,000	8,000	8,142	8,142	8,142	8,142	8,142	8,142	8,142	8,142	8,142	8,142	1.8%	0.0%	0.0%
Water Franchise	267,640	267,640	283,690	289,364	289,364	295,151	301,054	307,075	307,075	307,075	307,075	307,075	6.0%	2.0%	2.0%
Wastewater Franchise	463,352	463,352	528,480	539,050	539,050	549,831	560,827	572,044	572,044	572,044	572,044	572,044	14.1%	2.0%	2.0%
Liquor Licenses	7,000	7,000	7,000	7,140	7,140	7,283	7,428	7,577	7,577	7,577	7,577	7,577	0.0%	2.0%	2.0%
Sales Tax Business Permits	25,600	25,600	25,600	26,112	26,112	26,634	27,167	27,710	27,710	27,710	27,710	27,710	0.0%	2.0%	2.0%
Business Licenses	6,000	6,000	6,000	6,120	6,120	6,242	6,367	6,495	6,495	6,495	6,495	6,495	0.0%	2.0%	2.0%
Building Permits	618,816	618,816	764,649	779,942	779,942	795,541	811,452	827,681	827,681	827,681	827,681	827,681	23.6%	2.0%	2.0%
Contractor Licenses	119,440	119,440	119,440	121,829	121,829	124,265	126,751	129,286	129,286	129,286	129,286	129,286	0.0%	2.0%	2.0%
Use of Public Places Permit	7,200	7,200	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	-2.8%	0.0%	0.0%
Alcohol in Public Places Permits	800	800	800	800	800	800	800	800	800	800	800	800	0.0%	0.0%	0.0%
Federal Grants	-	-	51,352	51,352	51,352	51,352	51,352	51,352	51,352	51,352	51,352	51,352	0.0%	0.0%	0.0%
Non-grant State Revenue	-	-	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141	5,141	0.0%	0.0%	0.0%
State Severance Taxes	120,000	120,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	-83.3%	0.0%	0.0%
St. Vrain School District-School Officers	130,735	130,735	134,003	138,023	138,023	142,164	146,429	150,822	150,822	150,822	150,822	150,822	2.5%	3.0%	3.0%
Boulder County Fire IGA	29,899	29,899	29,899	29,899	29,899	29,899	29,899	29,899	29,899	29,899	29,899	29,899	0.0%	0.0%	0.0%
Boulder County Shared Fines	72,000	72,000	75,000	76,500	76,500	78,030	79,591	81,182	81,182	81,182	81,182	81,182	4.2%	2.0%	2.0%
Liquor Application Fees	27,000	27,000	27,000	27,540	27,540	28,091	28,653	29,226	29,226	29,226	29,226	29,226	0.0%	2.0%	2.0%
Zoning and Hearings	83,035	83,035	65,000	66,300	66,300	67,626	68,979	70,358	70,358	70,358	70,358	70,358	-21.7%	2.0%	2.0%
Parks Maintenance Fee	28,909	28,909	-	-	-	-	-	-	-	-	-	-	-100.0%	0.0%	0.0%
Maps and Publications	800	800	800	800	800	800	800	800	800	800	800	800	0.0%	0.0%	0.0%
Sales Tax Commission	45,000	45,000	45,000	45,900	45,900	46,818	47,754	48,709	48,709	48,709	48,709	48,709	0.0%	2.0%	2.0%
Purchasing Card Rebates	152,924	152,924	74,250	74,250	74,250	74,250	74,250	74,250	74,250	74,250	74,250	74,250	-51.4%	0.0%	0.0%
Criminal Justice Records	20,000	20,000	20,000	20,400	20,400	20,808	21,224	21,649	21,649	21,649	21,649	21,649	0.0%	2.0%	2.0%
Sex Offender Registration Fees	10,000	10,000	10,000	10,200	10,200	10,404	10,612	10,824	10,824	10,824	10,824	10,824	0.0%	2.0%	2.0%
Vehicle Impound Fees	2,200	2,200	2,200	2,244	2,244	2,289	2,335	2,381	2,381	2,381	2,381	2,381	0.0%	2.0%	2.0%
Firework Stands Fees	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	0.0%	0.0%	0.0%
Fire Inspection Fees	55,000	55,000	55,000	56,100	56,100	57,222	58,366	59,534	59,534	59,534	59,534	59,534	0.0%	2.0%	2.0%
Emergency Dispatching	104,096	104,096	220,173	220,173	220,173	220,173	220,173	220,173	220,173	220,173	220,173	220,173	111.5%	0.0%	0.0%
Plan Check Fees	184,046	184,046	236,103	240,825	240,825	245,642	250,554	255,565	255,565	255,565	255,565	255,565	28.3%	2.0%	2.0%
Variance/Appeals Board	1,300	1,300	1,300	1,326	1,326	1,353	1,380	1,407	1,407	1,407	1,407	1,407	0.0%	2.0%	2.0%
Elevator Inspection Fees	40,740	40,740	39,900	40,698	40,698	41,512	42,342	43,189	43,189	43,189	43,189	43,189	-2.1%	2.0%	2.0%
Right of Way Maintenance	238,174	238,174	240,138	244,941	244,941	249,840	254,836	259,933	259,933	259,933	259,933	259,933	0.8%	2.0%	2.0%
GID Maintenance	47,000	47,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	-14.9%	0.0%	0.0%
Disconnect Tag Fee	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	0.0%	0.0%	0.0%
Rec Center-Admission & Passes	1,359,780	1,359,780	1,399,780	1,427,776	1,427,776	1,466,331	1,485,458	1,515,167	1,515,167	1,515,167	1,515,167	1,515,167	2.9%	2.0%	2.0%
Rec Center-Aquatic Fees	87,500	87,500	87,500	89,250	89,250	91,035	92,856	94,713	94,713	94,713	94,713	94,713	0.0%	2.0%	2.0%
Rec Center-General Activity Fees	90,000	90,000	90,000	91,800	91,800	93,636	95,509	97,419	97,419	97,419	97,419	97,419	0.0%	2.0%	2.0%
Rec Center-Rentals	42,000	42,000	42,000	42,840	42,840	43,697	44,571	45,462	45,462	45,462	45,462	45,462	0.0%	2.0%	2.0%
Rec Center-Concessions	39,500	39,500	39,500	40,290	40,290	41,096	41,918	42,756	42,756	42,756	42,756	42,756	0.0%	2.0%	2.0%

GENERAL FUND REVENUE PROJECTIONS: 2014 - 2019

Revenues	2014 Projected Actual	2015 Budget	2016 Projection	2017 Projection	2018 Projection	2019 Projection	% Change				
							2015	2016	2017	2018	2019
Rec Center-Resale Merchandise	14,000	14,000	14,280	14,566	14,857	15,154	0.0%	2.0%	2.0%	2.0%	2.0%
Silver Sneakers Program	60,000	60,000	61,200	62,424	63,672	64,946	0.0%	2.0%	2.0%	2.0%	2.0%
Pool Fees, Passes, Lessons	518,300	538,300	549,066	560,047	571,248	582,673	3.9%	2.0%	2.0%	2.0%	2.0%
Recreation Non-Resident Fees	12,000	32,000	32,640	33,293	33,959	34,638	166.7%	2.0%	2.0%	2.0%	2.0%
Community Events Revenue	24,426	44,426	45,315	46,221	47,145	48,088	81.9%	2.0%	2.0%	2.0%	2.0%
Union Reservoir Fees	240,000	240,000	244,800	249,696	254,690	259,784	0.0%	2.0%	2.0%	2.0%	2.0%
Seasonal Ice Rink Program Fees	130,636	130,636	133,249	135,914	138,632	141,405	0.0%	2.0%	2.0%	2.0%	2.0%
Athletic Program Fees	326,272	326,272	332,797	339,453	346,242	353,167	0.0%	2.0%	2.0%	2.0%	2.0%
Recreation Activity Fees	551,460	571,460	582,889	594,547	606,438	618,567	3.6%	2.0%	2.0%	2.0%	2.0%
Senior Services Misc. Revenue	550	550	550	550	550	550	0.0%	0.0%	0.0%	0.0%	0.0%
Outdoor Recreation Activity Fees	58,000	58,000	59,160	60,343	61,550	62,781	0.0%	2.0%	2.0%	2.0%	2.0%
Special Populations Activity Fees	20,000	20,000	20,400	20,808	21,224	21,649	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Sandstone II	11,000	11,000	11,220	11,444	11,673	11,907	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Sandstone I	14,500	14,500	14,790	15,086	15,388	15,695	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Centennial Pool	2,500	2,500	2,550	2,601	2,653	2,706	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Clark Park	15,000	15,000	15,300	15,606	15,918	16,236	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Roosevelt Park	300	300	306	312	318	325	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Sunset Pool	35,500	35,500	36,210	36,934	37,673	38,426	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Memorial Building	1,400	1,400	1,428	1,457	1,486	1,515	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Garden Acres	40,918	40,918	41,736	42,571	43,423	44,291	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Ice Rink	2,500	2,500	2,550	2,601	2,653	2,706	0.0%	2.0%	2.0%	2.0%	2.0%
Ice Rink Rentals	32,000	32,000	32,640	33,293	33,959	34,638	0.0%	2.0%	2.0%	2.0%	2.0%
Memorial Building Rentals	47,000	47,000	47,940	48,899	49,877	50,874	0.0%	2.0%	2.0%	2.0%	2.0%
Willow Barn Rental	22,300	22,300	22,746	23,201	23,665	24,138	0.0%	2.0%	2.0%	2.0%	2.0%
Senior Center Rentals	19,000	19,000	19,380	19,768	20,163	20,566	0.0%	2.0%	2.0%	2.0%	2.0%
Swimming Pool Rentals	56,000	56,000	57,120	58,262	59,428	60,616	0.0%	2.0%	2.0%	2.0%	2.0%
Other Facility Rentals	115,340	115,340	117,647	120,000	122,400	124,848	0.0%	2.0%	2.0%	2.0%	2.0%
Batting Cage Licensing Fees	2,000	2,000	2,000	2,000	2,000	2,000	0.0%	0.0%	0.0%	0.0%	0.0%
Park Shelter Rentals	33,500	33,500	34,170	34,853	35,550	36,261	0.0%	2.0%	2.0%	2.0%	2.0%
Museum Special Events Fee	35,000	35,000	35,000	35,000	35,000	35,000	0.0%	0.0%	0.0%	0.0%	0.0%
Museum Auditorium ticket sales	-	11,450	11,450	11,450	11,450	11,450	0.0%	0.0%	0.0%	0.0%	0.0%
Museum Auditorium rental fees	-	22,800	22,800	22,800	22,800	22,800	0.0%	0.0%	0.0%	0.0%	0.0%
Museum Auditorium beverage sales	-	15,325	15,325	15,325	15,325	15,325	0.0%	0.0%	0.0%	0.0%	0.0%
Museum Sponsorships	-	2,500	2,500	2,500	2,500	2,500	0.0%	0.0%	0.0%	0.0%	0.0%
Friends of the Museum	-	5,000	5,000	5,000	5,000	5,000	0.0%	0.0%	0.0%	0.0%	0.0%
Parking Fines	100,000	105,000	108,150	111,395	114,736	118,178	5.0%	3.0%	3.0%	3.0%	3.0%
Other Fines	630,000	715,000	736,450	758,544	781,300	804,739	13.5%	3.0%	3.0%	3.0%	3.0%
Bond Forfeitures	18,000	18,000	18,360	18,727	19,102	19,484	0.0%	2.0%	2.0%	2.0%	2.0%
Court Education Fees	26,000	26,000	26,520	27,050	27,591	28,143	0.0%	2.0%	2.0%	2.0%	2.0%
Probation Monitoring Fees	25,000	25,000	25,500	26,010	26,530	27,061	0.0%	2.0%	2.0%	2.0%	2.0%
Substance Abuse Group	1,400	1,400	1,428	1,457	1,486	1,515	0.0%	2.0%	2.0%	2.0%	2.0%
Surcharge on Violations	62,000	76,000	77,520	79,070	80,652	82,265	22.6%	2.0%	2.0%	2.0%	2.0%
Court Costs	95,000	117,500	119,850	122,247	124,692	127,186	23.7%	2.0%	2.0%	2.0%	2.0%

GENERAL FUND REVENUE PROJECTIONS: 2014 - 2019

Revenues	2014		% Change					2019		
	Projected Actual	Budget	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection	2015	2016	2017
Outstanding Judgment/Warrant-City	4,300	4,300	4,300	4,300	4,300	4,300	4,300	0.0%	0.0%	0.0%
Fines and Penalties	93,000	93,000	96,757	94,860	96,757	98,692	100,666	0.0%	2.0%	2.0%
Misc. Penalties	1,500	1,500	1,561	1,530	1,561	1,592	1,624	0.0%	2.0%	2.0%
False Alarm Fines	40,000	40,000	41,616	40,800	41,616	42,448	43,297	0.0%	2.0%	2.0%
Weed Cutting	18,000	18,000	18,727	18,360	18,727	19,102	19,484	0.0%	2.0%	2.0%
Misc. Revenue	23,729	41,254	42,921	42,079	42,921	43,779	44,655	73.9%	2.0%	2.0%
Misc. Revenue-Police	35,000	35,000	36,414	35,700	36,414	37,142	37,885	0.0%	2.0%	2.0%
Misc. Revenue-Court	700	700	728	714	728	743	758	0.0%	2.0%	2.0%
Misc. Revenue-City Clerk	200	200	200	200	200	200	200	0.0%	0.0%	0.0%
Interest Income	75,000	75,000	75,000	75,000	75,000	75,000	75,000	0.0%	0.0%	0.0%
Lease of Real Property	58,000	-	-	-	-	-	-	-100.0%	0.0%	0.0%
Oil and Gas Leases/Royalties	22,500	8,500	8,500	8,500	8,500	8,500	8,500	-62.2%	0.0%	0.0%
Fire Community Room Rental Fee	3,760	3,730	3,730	3,730	3,730	3,730	3,730	0.0%	0.0%	0.0%
Transfer from Sanitation Fund	519,694	501,085	526,440	511,107	526,440	542,233	558,500	-3.6%	2.0%	3.0%
Transfer from Sanitation for Parks Trash	60,000	60,000	60,000	60,000	60,000	60,000	60,000	0.0%	0.0%	0.0%
Transfer from Golf Fund	124,608	137,341	148,290	140,088	148,290	148,619	153,078	10.2%	2.0%	3.0%
Transfer from Electric Fund	1,577,749	1,499,015	1,574,865	1,528,995	1,574,865	1,622,111	1,670,774	-5.0%	2.0%	3.0%
Transfer from Electric-Tree Planting	23,000	23,000	23,000	23,000	23,000	23,000	23,000	0.0%	0.0%	0.0%
Transfer from Electric-Rec Sponsorships	10,500	10,500	10,500	10,500	10,500	10,500	10,500	0.0%	0.0%	0.0%
Transfer from Telecommunications Fund	56,954	165,405	173,774	168,713	173,774	178,988	184,357	190.4%	2.0%	3.0%
Transfer from Water Fund	1,195,982	1,228,549	1,290,714	1,253,120	1,290,714	1,329,435	1,369,318	2.7%	2.0%	3.0%
Transfer from Sewer Fund	753,720	797,640	838,001	813,593	838,001	863,141	889,035	5.8%	2.0%	3.0%
Transfer from Storm Drainage Fund	420,772	403,149	423,548	411,212	423,548	436,255	449,342	-4.2%	2.0%	3.0%
Transfer from Airport Fund	138,845	112,744	118,449	114,999	118,449	122,002	125,662	-18.8%	2.0%	3.0%
Transfer from Judicial Wedding Fund	1,351	1,351	1,419	1,378	1,419	1,462	1,506	0.0%	2.0%	3.0%
Transfer from Street Fund	887,533	874,464	918,712	891,953	918,712	946,273	974,661	-1.5%	2.0%	3.0%
Transfer from Library Services Fund	20,500	20,500	20,500	20,500	20,500	20,500	20,500	0.0%	0.0%	0.0%
Transfer from Senior Services Fund	5,656	5,769	5,769	5,769	5,769	5,769	5,769	0.0%	0.0%	0.0%
Transfer from Open Space Fund	138,623	159,716	167,798	162,910	167,798	172,832	178,017	15.2%	2.0%	3.0%
Transfer from Self Insurance Fund	126,690	112,206	117,884	114,450	117,884	121,420	125,063	-11.4%	2.0%	3.0%
Transfer from Workers' Compensation	203,663	129,421	135,970	132,009	135,970	140,049	144,250	-36.5%	2.0%	3.0%
Transfer from GID	8,765	9,784	10,279	9,980	10,279	10,587	10,905	11.6%	2.0%	3.0%
Transfer from Fleet Fund	251,989	264,164	277,531	269,447	277,531	285,857	294,432	4.8%	2.0%	3.0%
TOTAL	\$ 65,030,076	\$ 66,978,356	\$ 70,590,700	\$ 69,087,462	\$ 70,590,700	\$ 72,138,968	\$ 73,733,610	3.0%	3.1%	2.2%

ONE TIME REVENUES

Incremental Development Revenue	447,374	517,016
Other One Time Revenue	50,000	52,826
One Time Transfers	121,606	85,011

ONE TIME TOTAL

\$ 618,980	\$ 654,853	\$ -	\$ -	\$ -	\$ -
\$ 65,649,056	\$ 67,633,209	\$ 69,087,462	\$ 70,590,700	\$ 72,138,968	\$ 73,733,610

GRAND TOTAL

GENERAL FUND EXPENDITURE PROJECTIONS: 2014 - 2019

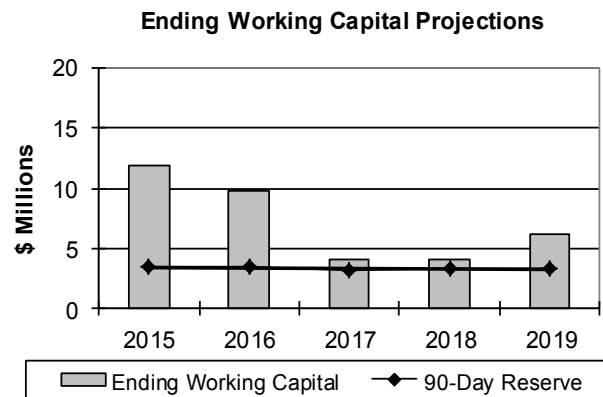
Expenditures	2014	2015	2016	2017	2018	2019	% Change				
	Projected Actual	Budget	Projection	Projection	Projection	Projection	2015	2016	2017	2018	2019
Salaries and Wages	33,896,563	35,165,223	35,868,527	36,944,583	38,052,921	39,194,508	3.7%	2.0%	3.0%	3.0%	3.0%
Temporary Wages	1,986,026	2,090,754	2,132,569	2,196,546	2,262,443	2,330,316	5.3%	2.0%	3.0%	3.0%	3.0%
Skill Based Pay	62,950	59,144	60,327	62,137	64,001	65,921	-6.0%	2.0%	3.0%	3.0%	3.0%
Overtime Wages	1,319,451	1,704,311	1,738,397	1,790,549	1,844,266	1,899,594	29.2%	2.0%	3.0%	3.0%	3.0%
Longevity Compensation	110,982	96,525	96,525	96,525	96,525	96,525	-13.0%	0.0%	0.0%	0.0%	0.0%
Sick Conversion	178,000	178,000	181,560	187,007	192,617	198,396	0.0%	2.0%	3.0%	3.0%	3.0%
Retirement Health Savings Plan	273,614	282,094	282,094	282,094	282,094	282,094	3.1%	0.0%	0.0%	0.0%	0.0%
Police/Fire Death and Disability	142,886	143,989	146,869	151,275	155,813	160,487	0.8%	2.0%	3.0%	3.0%	3.0%
FICA	128,269	137,192	139,936	144,134	148,458	152,912	7.0%	2.0%	3.0%	3.0%	3.0%
Medicare Contribution	471,104	519,089	529,471	545,355	561,716	578,567	10.2%	2.0%	3.0%	3.0%	3.0%
MOPC	929,272	968,634	988,007	1,017,647	1,048,176	1,079,622	4.2%	2.0%	3.0%	3.0%	3.0%
Employee Insurance	5,474,097	5,763,450	6,051,623	6,354,204	6,671,914	7,005,509	5.3%	5.0%	5.0%	5.0%	5.0%
Employee Retirement	1,244,149	1,301,502	1,327,532	1,367,358	1,408,379	1,450,630	4.6%	2.0%	3.0%	3.0%	3.0%
Police/Fire Retirement	1,606,870	1,551,428	1,582,457	1,629,930	1,678,828	1,729,193	-3.5%	2.0%	3.0%	3.0%	3.0%
Compensation Insurance	1,036,942	1,132,385	1,155,033	1,189,684	1,225,374	1,262,135	9.2%	2.0%	3.0%	3.0%	3.0%
Unemployment Insurance	100,744	69,766	71,161	73,296	75,495	77,760	-30.7%	2.0%	3.0%	3.0%	3.0%
Staff Training/Conferences	332,086	347,244	354,189	364,815	375,759	387,032	4.6%	2.0%	3.0%	3.0%	3.0%
Tuition Reimbursement	30,000	30,000	30,000	30,000	30,000	30,000	0.0%	0.0%	0.0%	0.0%	0.0%
Dental Insurance	235,068	244,470	256,694	269,528	283,005	297,155	0.0%	5.0%	5.0%	5.0%	5.0%
Uniforms/Protective Clothing	194,166	194,385	198,273	202,238	206,283	210,409	0.1%	2.0%	2.0%	2.0%	2.0%
Food Allowance	32,273	33,156	33,156	33,156	33,156	33,156	2.7%	0.0%	0.0%	0.0%	0.0%
Office Supplies	84,614	79,377	80,965	82,584	84,236	85,920	-6.2%	2.0%	2.0%	2.0%	2.0%
Adult Books	181,000	181,000	186,430	192,023	197,784	203,717	0.0%	3.0%	3.0%	3.0%	3.0%
Children's Books	65,857	65,857	67,833	69,868	71,964	74,123	0.0%	3.0%	3.0%	3.0%	3.0%
Periodicals	23,905	28,805	29,669	30,559	31,476	32,420	20.5%	3.0%	3.0%	3.0%	3.0%
Pamphlets and Documents	1,551	1,551	1,598	1,645	1,695	1,746	0.0%	3.0%	3.0%	3.0%	3.0%
Audiovisual Materials	63,109	70,283	72,391	74,563	76,800	79,104	11.4%	3.0%	3.0%	3.0%	3.0%
Reference Books and Materials	66,553	55,760	57,433	59,156	60,930	62,768	-16.2%	3.0%	3.0%	3.0%	3.0%
Dues and Subscriptions	177,657	195,910	202,767	209,864	217,209	224,811	10.3%	3.5%	3.5%	3.5%	3.5%
Non-Capital Equipment, Furniture	196,910	177,640	181,193	184,817	188,513	192,283	-9.8%	2.0%	2.0%	2.0%	2.0%
Drafting Supplies	688	792	808	824	840	857	15.1%	2.0%	2.0%	2.0%	2.0%
Gas and Oil	206	100	102	104	106	108	-51.5%	2.0%	2.0%	2.0%	2.0%
Chemicals	87,620	92,160	96,768	101,606	106,687	112,021	5.2%	5.0%	5.0%	5.0%	5.0%
Photography and Lab Supplies	950	950	969	988	1,008	1,028	0.0%	2.0%	2.0%	2.0%	2.0%
Resale Merchandise	81,230	78,230	79,795	81,390	83,018	84,679	-3.7%	2.0%	2.0%	2.0%	2.0%
Freight	7,870	7,870	8,027	8,188	8,352	8,519	0.0%	2.0%	2.0%	2.0%	2.0%
Janitorial Supplies	122,400	116,400	119,892	123,489	127,193	131,009	-4.9%	3.0%	3.0%	3.0%	3.0%
Materials and Supplies	459,620	444,898	453,796	462,872	472,129	481,572	-3.2%	2.0%	2.0%	2.0%	2.0%
Printing and Copier Supplies	79,899	33,649	34,322	35,008	35,709	36,423	-57.9%	2.0%	2.0%	2.0%	2.0%
Building Repair/Maintenance	138,712	140,112	144,315	148,645	153,104	157,697	1.0%	3.0%	3.0%	3.0%	3.0%
Facility Repair/Maintenance	60,247	54,247	56,146	58,111	60,145	62,250	-10.0%	3.5%	3.5%	3.5%	3.5%
Equipment Repair/Maintenance	1,497,922	1,429,320	1,479,346	1,531,123	1,584,713	1,640,178	-4.6%	3.5%	3.5%	3.5%	3.5%
Grounds Maintenance	79,689	79,689	81,283	82,908	84,567	86,258	0.0%	2.0%	2.0%	2.0%	2.0%
Non-Capital Computer Equip/Supplies	201,328	213,361	219,762	226,355	233,145	240,140	6.0%	3.0%	3.0%	3.0%	3.0%
Mileage Allowance	28,629	27,979	28,539	29,109	29,692	30,285	-2.3%	2.0%	2.0%	2.0%	2.0%
Liability Insurance	701,271	693,218	717,481	742,592	768,583	795,484	-1.1%	3.5%	3.5%	3.5%	3.5%

GENERAL FUND EXPENDITURE PROJECTIONS: 2014 - 2019

Expenditures	2014 Projected Actual	2015 Budget	2016 Projection	2017 Projection	2018 Projection	2019 Projection	% Change				
Safety Expenses	39,488	80,750	82,365	84,012	85,693	87,406	104.5%	2.0%	2.0%	2.0%	2.0%
Lease/Purchase Payments	255,000	255,000	255,000	255,000	255,000	255,000	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Leases/Rentals	245,271	210,917	215,135	219,438	223,827	228,303	-14.0%	2.0%	2.0%	2.0%	2.0%
Professional/Contracted Services	4,050,749	4,456,157	4,612,122	4,773,547	4,940,821	5,113,543	10.0%	3.5%	3.5%	3.5%	3.5%
Audit Contract	79,535	80,000	83,200	86,528	89,989	93,589	0.6%	4.0%	4.0%	4.0%	4.0%
Legal Notices/Advertising	81,445	93,895	95,569	97,480	99,430	101,418	15.0%	2.0%	2.0%	2.0%	2.0%
Jury and Witness Fees	1,050	750	750	750	750	750	-28.6%	0.0%	0.0%	0.0%	0.0%
Refunds	10,000	10,000	10,200	10,404	10,612	10,824	0.0%	2.0%	2.0%	2.0%	2.0%
Investigative Expenses	50,025	50,025	51,026	52,046	53,087	54,149	0.0%	2.0%	2.0%	2.0%	2.0%
Licenses and Permits	1,940	2,235	2,280	2,325	2,372	2,419	15.2%	2.0%	2.0%	2.0%	2.0%
Utilities	1,166,567	1,134,567	1,213,987	1,298,966	1,389,893	1,487,186	-2.7%	7.0%	7.0%	7.0%	7.0%
Telephone Charges	331,034	318,369	324,736	331,231	337,856	344,613	-3.8%	2.0%	2.0%	2.0%	2.0%
Radio Repair/Maintenance	1,000	1,000	1,020	1,040	1,061	1,082	0.0%	2.0%	2.0%	2.0%	2.0%
Postage	332,359	352,941	363,529	374,435	385,668	397,238	6.2%	3.0%	3.0%	3.0%	3.0%
Printing and Copying	219,400	208,289	212,455	216,704	221,038	225,459	-5.1%	2.0%	2.0%	2.0%	2.0%
Other Services and Charges	416,001	428,178	436,742	445,476	454,366	463,474	2.9%	2.0%	2.0%	2.0%	2.0%
Fleet Lease - Operating/Maintenance	1,489,762	1,550,459	1,606,276	1,664,101	1,724,009	1,786,073	4.1%	3.6%	3.6%	3.6%	3.6%
Fleet Lease - Replacement	1,202,017	1,450,657	1,508,683	1,569,031	1,631,792	1,697,064	20.7%	4.0%	4.0%	4.0%	4.0%
Bad Debt	9,400	9,400	9,588	9,760	9,975	10,175	0.0%	2.0%	2.0%	2.0%	2.0%
Transfer to Other Funds	162,519	772,396	795,568	819,435	844,018	869,339	375.3%	3.0%	3.0%	3.0%	3.0%
Council Contingency	60,000	60,000	60,000	60,000	60,000	60,000	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL	\$ 64,399,511	\$ 67,807,684	\$ 69,566,256	\$ 71,842,183	\$ 74,197,895	\$ 76,636,414	5.3%	2.6%	3.3%	3.3%	3.3%
ONE TIME EXPENDITURES											
Furniture and Fixtures	28,000	-	-	-	-	-					
Vehicles	43,760	117,801	-	-	-	-					
Machinery and Equipment	347,370	645,077	-	-	-	-					
Site Improvements, Landscaping and Street Development	-	-	-	-	-	-					
Building Improvements	-	10,000	-	-	-	-					
One Time Operating	1,919,498	1,260,128	-	-	-	-					
ONE TIME TOTAL	\$ 2,338,628	\$ 2,033,006	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000					
GRAND TOTAL	\$ 66,738,139	\$ 69,840,690	\$ 70,066,256	\$ 72,342,183	\$ 74,697,895	\$ 77,136,414					

Water Operating Fund

The five-year forecast for the Water Operating Fund has been updated based on the proposed 2015 budget. Through 2019, the fund's operating reserve will be above the minimum 90-day requirement established in the City's financial policies. The Windy Gap Firming Project is planned for construction in 2017. This project is estimated to cost \$18.7 million during this period, with funding from the Water Operating Fund, Water Construction Fund, Water Acquisition Fund, and Raw Water Storage Fund. An estimated rate increase of 4% will be included for 2015. Staff will bring the proposed rates to Council in October. The five-year financial projections also assume rate increases of 9% in 2016, and 8% in 2017 and 2018.

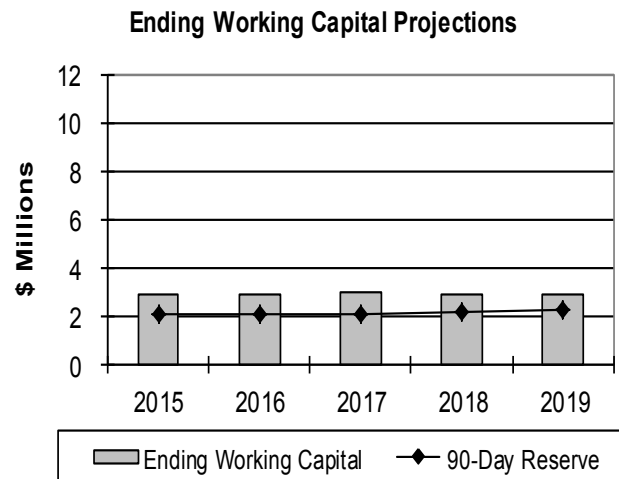


Fund Statement

	2015	2016	2017	2018	2019
BEGINNING WORKING CAPITAL	16,418,687	11,882,195	9,743,915	4,092,908	4,088,906
REVENUES					
Charges for Services	14,608,000	15,709,000	16,877,600	18,138,800	18,086,400
Intergovernmental	1,750,000				
Interest and Miscellaneous	442,292	359,596	103,396	93,796	98,896
TOTAL AVAILABLE FUNDS	33,218,979	27,950,791	26,724,911	22,325,504	22,274,202
EXPENDITURES					
Operating and Maintenance	13,947,636	14,239,858	12,923,600	13,318,000	13,698,000
Debt Service	1,305,935	1,306,713	1,305,616	1,307,894	1,304,672
Capital Projects	6,083,213	2,660,305	8,402,787	3,610,704	1,145,429
TOTAL EXPENDITURES	21,336,784	18,206,876	22,632,003	18,236,598	16,148,101
ENDING WORKING CAPITAL	11,882,195	9,743,915	4,092,908	4,088,906	6,126,101

Sewer Operating Fund

The five-year forecast for the Sewer Operating Fund has been updated based on the proposed 2015 budget. Through 2019, the fund's operating reserve will be above the minimum 90-day requirement established in the City's financial policies. Over the next five years, \$8.5 million in cash will be spent for rehabilitation and regulatory upgrades to the wastewater treatment plant (WWTP). City Council has adopted rate increases of 13% in 2015 and 13% in 2016 with no increases projected after that until 2020.

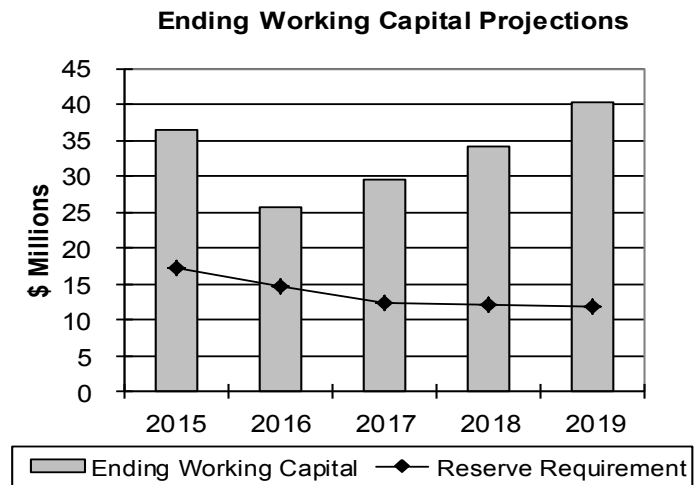


Fund Statement

	2015	2016	2017	2018	2019
BEGINNING WORKING CAPITAL	3,786,615	2,942,023	2,891,849	2,989,377	2,901,331
REVENUES					
Charges for Services	13,207,500	13,650,600	14,120,100	14,186,600	14,244,100
Intergovernmental	168,247	168,247	162,076	155,034	147,189
Interest and Miscellaneous	22,400	23,600	23,500	23,300	23,000
Interfund Transfers	551,289	551,979	551,221	550,347	549,684
TOTAL AVAILABLE FUNDS	17,736,051	17,336,449	17,748,746	17,904,658	17,865,304
EXPENDITURES					
Operating and Maintenance	8,356,868	8,278,500	8,529,200	8,770,700	9,019,100
Debt Service	3,866,683	3,869,500	3,864,800	3,861,800	3,858,600
Capital Projects	2,570,477	2,296,600	2,365,369	2,370,827	2,085,252
TOTAL EXPENDITURES	14,794,028	14,444,600	14,759,369	15,003,327	14,962,952
ENDING WORKING CAPITAL	2,942,023	2,891,849	2,989,377	2,901,331	2,902,352

Electric and Broadband Utility

The five-year forecast for the Electric and Broadband Utility has been updated based on the proposed 2015 budget. Through 2019, the utility's operating reserve will be above the minimum reserve requirement established in the City's financial policies. The reserve policy is designed to address normal operating costs, multi-year capital plans and unanticipated needs. The proposed 2015 budget has no rate increase, with no increase anticipated for 2016.

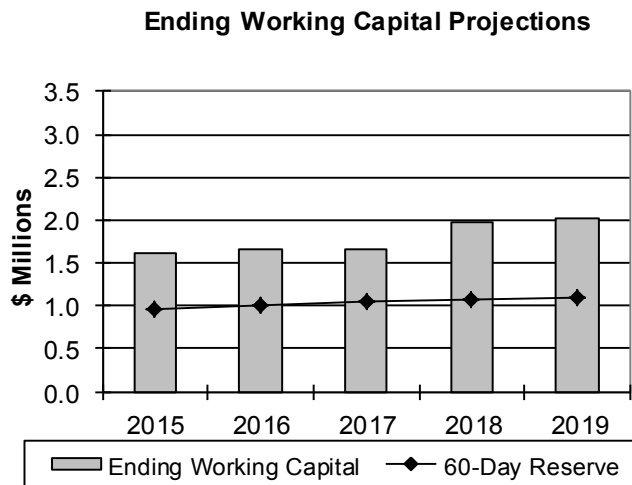


Utility Statement

	2015	2016	2017	2018	2019
BEGINNING WORKING CAPITAL	52,172,243	36,518,657	25,780,164	29,405,297	34,232,298
REVENUES					
Charges for Service	68,078,910	72,331,725	75,912,887	77,645,536	78,603,512
Other Revenues	140,700	144,004	147,364	150,781	154,257
Fiber/Pole Leases	132,600	247,997	250,533	254,344	258,231
Aid to Construction	900,000	800,000	800,000	700,000	700,000
Interest and Miscellaneous	132,400	140,600	31,212	46,836	57,473
Operating Transfers	40,090	40,273	41,078	41,900	42,738
TOTAL AVAILABLE FUNDS	121,596,943	110,223,256	102,963,238	108,244,694	114,048,509
EXPENDITURES					
Purchased Power	46,253,141	47,227,602	47,416,513	47,653,595	47,891,863
Operating and Maintenance	19,661,690	18,157,127	18,667,595	19,285,963	19,797,725
Debt Service	1,272,455	1,472,013	3,717,013	3,714,763	3,717,013
Operating Capital	225,500	300,000	325,000	500,000	500,000
Capital Projects	17,665,500	17,286,350	3,431,820	2,858,075	1,950,000
TOTAL EXPENDITURES	85,078,286	84,443,092	73,557,941	74,012,396	73,856,601
ENDING WORKING CAPITAL	36,518,657	25,780,164	29,405,297	34,232,298	40,191,908

Sanitation Fund

The five-year forecast for the Sanitation Fund has been updated based on the proposed 2015 budget. Through 2019, the fund's operating reserve will be above the minimum 60-day reserve requirement established by the City's financial policies. During the five-year period, rate increases were approved by Council for 2016 of 12% for 96-gallon service and 8% for 48-gallon service.

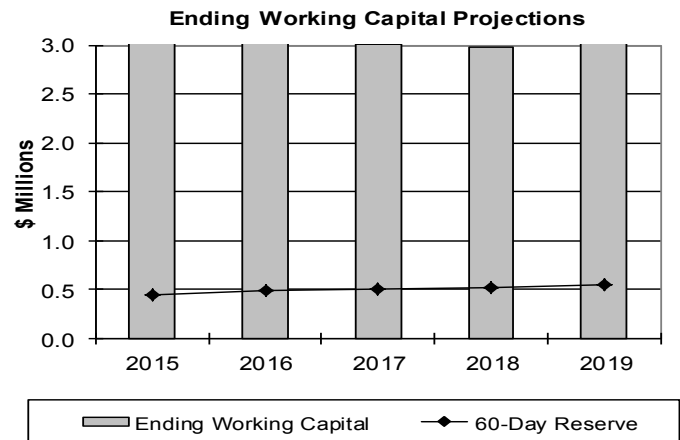


Fund Statement

	2015	2016	2017	2018	2019
BEGINNING WORKING CAPITAL	1,844,725	1,612,046	1,668,208	1,655,281	1,986,214
REVENUES					
Charges for Services	5,894,000	6,285,800	6,309,700	6,731,000	6,753,400
Interest and Miscellaneous	113,221	112,618	112,726	113,521	114,437
TOTAL AVAILABLE FUNDS	7,851,946	8,010,464	8,090,634	8,499,802	8,854,051
EXPENDITURES					
Operating and Maintenance	5,896,819	6,140,256	6,324,163	6,513,588	6,708,696
Capital Projects	343,081	202,000	111,190	-	123,974
TOTAL EXPENDITURES	6,239,900	6,342,256	6,435,353	6,513,588	6,832,670
ENDING WORKING CAPITAL	1,612,046	1,668,208	1,655,281	1,986,214	2,021,381

Storm Drainage Fund

The five-year forecast for the Storm Drainage Fund has been updated based on the proposed 2015 budget. Through 2019, the fund's operating reserve will be above the minimum 60-day reserve requirement established by the City's Financial Policies. Capital improvements are funded at \$26.7 million in the five-year period. Approximately \$55 million is currently unfunded in the five-year CIP. The Storm Drainage Master Plan has been completed. There are no proposed rate increases.

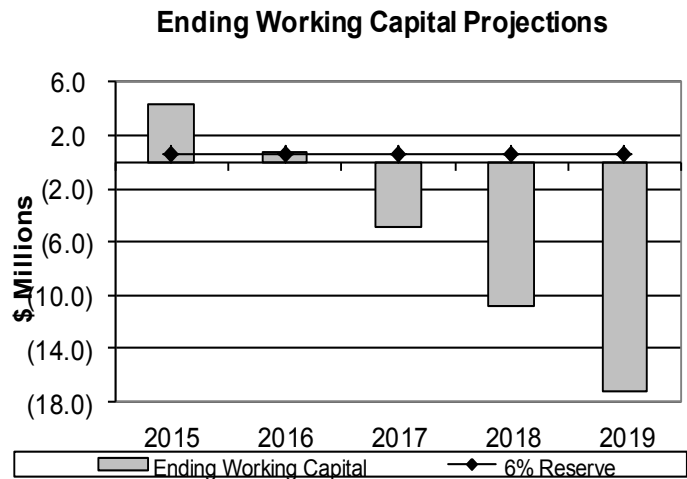


Fund Statement

	2015	2016	2017	2018	2019
BEGINNING WORKING CAPITAL	22,147,235	14,732,913	6,976,670	3,007,222	2,986,180
REVENUES					
Charges for Services	6,402,517	6,439,647	6,470,964	6,502,281	6,854,957
Capital Improvement Fees	137,619	107,632	109,965	112,416	84,064
Interest and Miscellaneous	47,883	44,744	40,934	40,784	42,023
TOTAL AVAILABLE FUNDS	28,735,254	21,324,936	13,598,533	9,662,703	9,967,224
EXPENDITURES					
Operating and Maintenance	2,758,477	3,027,296	3,115,802	3,209,703	3,309,770
Debt Service	2,870,575	2,871,365	2,872,740	2,871,540	2,874,340
Loan Repayment	1,313,000				
Capital Projects	7,060,289	8,449,605	4,602,769	595,280	617,176
TOTAL EXPENDITURES	14,002,341	14,348,266	10,591,311	6,676,523	6,801,286
ENDING WORKING CAPITAL	14,732,913	6,976,670	3,007,222	2,986,180	3,165,938

Street Improvement Fund

The five-year forecast for the Street Improvement Fund has been updated based on the proposed 2015 budget. In 1986 the voters approved a $\frac{3}{4}$ cent sales tax for operation and maintenance of the City's transportation system. The sixth consecutive extension of this sales tax was approved by voters in November 2009 which extended funding through 2016. There will be an initiative on the ballot in November requesting voters to extend this sales tax for another ten years. Based on the City's financial policies, this fund is to maintain a 6% operating reserve; this requirement will not be met after 2016 without the sales tax extension.

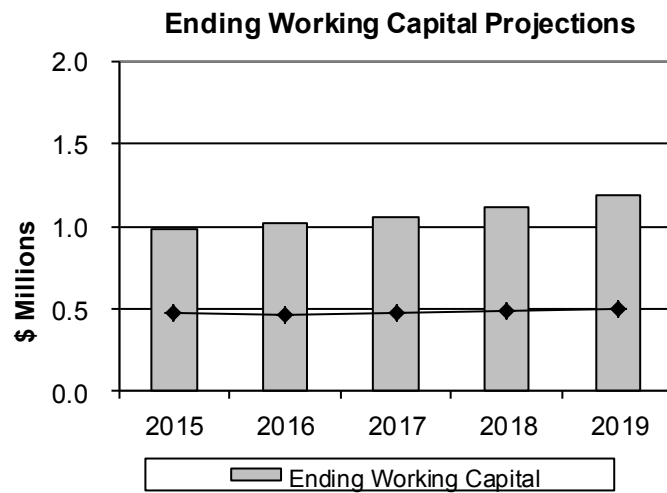


Fund Statement

	2015	2016	2017	2018	2019
BEGINNING WORKING CAPITAL	1,289,654	4,413,344	762,064	(4,940,982)	(10,856,990)
REVENUES					
Sales and Use Tax	12,976,978	13,366,287	-		
State Highway Use Tax	2,660,731	2,660,731	2,660,731	2,660,731	2,660,731
Automobile Tax	975,000	975,000	975,000	975,000	975,000
Intergovernmental	2,362,171	472,171	472,171	472,171	472,171
Street Cut Permit/Inspection	15,000	15,000	15,000	15,000	15,000
Interest Income	5,273	26,156	7,295	-	
Miscellaneous	10,000	10,000	10,000	10,000	10,000
TOTAL AVAILABLE FUNDS	20,294,807	21,938,690	4,902,261	(808,080)	(6,724,088)
EXPENDITURES					
Operating and Maintenance	9,079,130	9,350,126	9,629,583	9,887,517	10,183,993
Special Transit Funding	135,000	135,000	135,000	135,000	135,000
Capital Projects	6,667,333	11,691,500	78,660	26,393	121,090
TOTAL EXPENDITURES	15,881,463	21,176,626	9,843,243	10,048,910	10,440,083
ENDING WORKING CAPITAL	4,413,344	762,064	(4,940,982)	(10,856,990)	(17,164,171)

Public Safety Fund

The five-year forecast for the Public Safety Fund has been updated based on the proposed 2015 Budget. The Public Safety Fund was established in 2006 to allow for increased public safety needs that could not be met in the General Fund. The original commitment was to hire a total of 32 FTE in Police, 12 FTE Fire and 2 FTE in Children and Youth Resources. We currently fund 24 FTE in Police, 11 FTE in Fire, 9 FTE combined Police and Fire, and 2.38 FTE in Community Services. The fund balance in this fund is projected to exceed the 8% reserve requirement.



Fund Statement

	2015	2016	2017	2018	2019
BEGINNING WORKING CAPITAL	1,667,677	984,017	1,020,763	1,063,168	1,121,629
REVENUES					
Sales and Use Tax	5,623,357	5,792,058	5,965,819	6,144,794	6,329,138
Intergovernmental	159,725	340,975	340,975	351,205	351,205
Firing Range	175,000	180,250	185,658	191,227	196,964
Interest and Miscellaneous	10,603	10,709	10,816	10,924	11,034
TOTAL AVAILABLE FUNDS	7,636,362	7,308,009	7,524,031	7,761,318	8,009,970
EXPENDITURES					
Operating and Maintenance	5,943,385	5,787,246	5,960,863	6,139,689	6,323,880
Fires Station #6 Lease Payment	350,000	350,000	350,000	350,000	350,000
Firing Range	100,000	-	-	-	-
One Time Expenditures	258,960	150,000	150,000	150,000	150,000
TOTAL EXPENDITURES	6,652,345	6,287,246	6,460,863	6,639,689	6,823,880
ENDING WORKING CAPITAL	984,017	1,020,763	1,063,168	1,121,629	1,186,090

